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THE SECURITIES MARKET AS AN INDEX OF BUSINESS CONDITIONS

BY THOMAS GIBSON,

Author of "Cycles of Speculation," "Pitfalls of Speculation," etc., New York.

That present business conditions are excellent, does not admit of argument. We may easily measure the extent of activity by such barometers as bank clearings, conditions in the iron and steel trade, railroad earnings and the crops. The recovery from severe depression has been unprecedented in its rapidity, and so far as can now be seen, there are very few clouds on the horizon.

It is, however, always the case after a rehabilitation of this character, that we are prone to grow a little too enthusiastic; to over-estimate possibilities and to allow our optimism to carry us somewhat further than is warranted. Optimism is a good thing. The man who has learned to believe things has learned a great deal; but the man who learns to believe too much is in danger. When a remarkable and rapid convalescence has taken place in the business world it does not follow that no disappointments will come. As a Persian proverb has it, "No tree ever grows to heaven." Both security prices and general business have now reached, or at least are nearing, a stage where caution should be exercised and where academic examinations are more important than plain information. A year or two ago we could argue with a great degree of confidence that in the natural order of things, improvement would occur. We were right; the anticipated improvement is now before us and being a demonstrated fact, ceases to be speculative.

As an example of the tendency to ignore whatever may be evil during a period of confidence and prosperity, it may be noted that we have encountered some disappointments recently in our crop prospects; notably in corn and cotton. Such disappointments are either dismissed by the bold statement that the government estimates are entirely wrong, or by specious statements which will not bear the light of logic. After the last government report showing a reduction of almost 300,000,000 bushels in our corn crop estimates, the arguments were heard on every hand that even

with the reduction we would make a good crop of corn, and that high prices made up for any deficiency which might occur in the supply. Admitting the truth of the statement that a fair crop was indicated, even after subtracting the loss, it must be remembered that many business plans had been made in anticipation of a much greater crop. The fallacy of assuming that high prices can cover deficiency of supply can be exposed by the most elementary study of economics. This is particularly true of a commodity like corn, which is practically all consumed within our own borders. A bountiful crop, at reasonable prices, gives employment to laborers and railroads, and permits the consumer to provide for his wants at a fair figure. A poor crop at high prices cuts down the general purchasing power of farming commitments; decreases railroad traffic, both freight and passenger, and amounts in the last analysis to the mere swapping of dollars. With cotton it is somewhat different, as cotton is our great money crop, and the money received from that commodity is greater than the sum received from our exports of all cereals combined; even when we include these cereals in their manufactured form, such as flour, meats, glucose, etc. Our short cotton crop is, therefore, to some extent, offset by higher prices, but the loss of traffic to carriers, and the improper distribution of money remains. In my opinion the ideal form of prosperity is represented by normal production and normal prices throughout the civilized world.

In prognosticating security prices, we go much further into the future than in examining general business prospects. The anteriority of stock prices is the most important of all factors which are presented to the student of prices or values. The market not only discounts all that is *known*, but the brightest minds in the world are constantly engaged in analyzing what is *probable*. For example, the stock market made no advance in 1906 and declined steadily during the greater part of 1907, yet both these years were years of big business. The depression of 1908 was discounted, and when 1908 arrived, a year of stagnation, security prices moved steadily upward. From January 1 to December 31, 1908, the average level of railroad stock prices advanced about twenty-nine points. Since January 1, 1909, they have advanced to this writing (September 25) about ten points, and in the last two months, during which our anticipated improvement in business has taken

visible form, they have advanced not at all. This is shown by the following table:

AVERAGE PRICE OF RAILROAD AND INDUSTRIAL SECURITIES SINCE PANIC OF 1907.

	Lowest in panic (Nov. 21, 1907).	Jan. 2, 1908.	Dec. 31, 1908.	Aug. 1, 1909.	Sept. 25, 1909.
Railroads	65.61	71.75	99.97	110.55	109.52
Industrials	46.87	49.69	75.29	83.69	83.88
General average	56.24	60.72	87.63	97.12	96.70

On January 2, 1907, the same securities averaged 105.27 for railroads and 86.41 for industrials. Therefore, the panic of 1907 has been wiped out so far as security prices are concerned.

It is my opinion that the recovery in business both as it refers to actual developments and to such prospective probabilities as are plainly in evidence has been discounted in security prices. This does not mean that prices are too high, but that they are, generally speaking, high enough so far as our recuperation may be measured. What we must now seek in order to gauge future movements intelligently, are the submerged factors. The man who can correctly foresee the business affairs of 1910 and 1911 is the man who will make money in securities now. What we already know is of no further value. To attempt to *speculate* on known factors is a direct contradiction of the word "speculation."

Looking at values, instead of prices, we find few rules for our guidance. Even stability of dividend or interest rates does not guarantee us against violent price changes. In the panic of 1907 Chicago and Northwestern, a seasoned investment stock, made a greater percentage of decline than did Union Pacific, a highly speculative security, with an untried rate of disbursement. We may try to adopt the rate of income on high-grade securities with a long dividend record as a guide, only to find that any rule we may formulate is empirical. In 1881 the market collapsed from an average yield of five and one-quarter per cent. In 1891 prices advanced until the yield on the same securities was reduced to four and one-half per cent, and in the boom of 1906 the high stock prices cut the yield down to three and one-quarter per cent. At present the average is about four per cent. If we equal the record of 1906 our stocks would have to advance ten to fifteen points, on the average, from the present prices. But in looking at the possi-

bility of such an advance, we must remember that early in 1906 stock prices overleaped themselves very badly, and that the pinnacle was of an artificial and temporary nature. Personally I should say that four per cent is a small enough yield and that further advances should be based more upon dividend increases than upon present conditions. It will not do to lend a too credulous ear to the inspired talk or street rumors of forthcoming dividend increases or other emoluments. The only way to arrive with any degree of accuracy at a probable increase of distributions is to scrutinize the published reports of the corporation in question and see if such an increase is warranted. Such study will sometimes develop the fact that a dividend is increased without any justification, in which case we may be certain that the stock is a trap and that the increase is for the edification of the public, in order to induce careless and unsophisticated people to buy. There is always some talk of "concealed assets" when a corporation advances dividends without a reason for so doing, but it is a good plan to avoid properties which resort to concealment of anything.

One thing to which the student of security values should give earnest consideration at present is the comparative values of railroad and industrial securities. Industrial issues may be said to be in their infancy, but many of them have excellent dividend records particularly in relation to the preferences. The business and earnings of industrial corporations are more flexible than is the case in railroads, but the gradual enhancement of value is more rapid. The growth of the United States Steel Corporation is an instance of what a well-managed industrial enterprise can do. Fundamentals are also in favor of industrial stocks. The steady advancing trend of commodity prices operates against railroad issues and in favor of many industrial issues. Bonds and securities, with a fixed rate of income, are also unfavorably affected by this continued rise in commodity prices. The basic cause of this tendency has been assiduously sought by students for some years, and the consensus of opinion favors the gold theory. Personally I have accepted the theory as being correct, and also as being the most vital fundamental affecting the different classes of securities.

I cannot undertake, in the space assigned to me, to enter into a full discussion of this large phase of the question, but a few suggestions may be of interest. The increasing supply of gold

tends to advance commodity values. The index numbers of Dun's, Bradstreet's, and other compilers, show that in ten years commodities generally have advanced almost fifty per cent. Gold, being a fixed standard, cannot apparently decline, but the oversupply is represented by a loss in purchasing power, *i. e.*, an advance in the things gold will buy.

This advancing trend of commodity prices tends to increase interest rates or, rather it tends to add amortization to interest. The man who loaned ten thousand dollars ten years ago at five per cent has the principal returned to him to-day with its purchasing power reduced almost thirty-three and one-third per cent. Therefore he has had very little, if any, interest on his loan, as money can be measured only by what it can buy. If these two influences are admitted, we may adduce the following effects on security prices:

(1) Bearish on bonds, preferred stocks, or other securities having a fixed rate of interest.

(2) Bearish on the common stock of railroad corporations. The cost of maintenance, equipment, rails, and all other commodities, including labor, goes up steadily, while traffic rates rise grudgingly. The evil effects are offset, to some extent, by returns in the form of dividends, enhancement of property values, etc., but these emoluments do not entirely overcome the higher cost of operation.

(3) Bullish on the securities of industrial corporations. Here the selling price of the commodity produced rises with the cost of production. Exceptions should be noted in the case of gas, electric lighting and other public utilities corporations where the selling prices are fixed by law.

(4) Bearish on securities of traction corporations. This is probably the weakest spot of all. The five cent fare is proverbial and will be advanced with great difficulty to meet the increased cost of producing transportation.

(5) Bullish on the prices of speculative commodities, such as wheat, corn, cotton, etc. We need only glance at the nominal prices of these commodities a decade ago, as compared with to-day, to see how steadily the level has risen.

It is a great mistake to argue that the effects of increasing gold production are too remote, or too slow of operation, to affect the investor or speculator. The matter should receive the serious atten-

tion of every man who is interested in, or contemplates being interested in, securities or business of any kind. The literature on the subject is rather meager, but there are several good works which cover the main question thoroughly.

In examining the numerbus influences which affect security prices and values from year to year, we may count the salient factors on the fingers of one hand. Crops, gold production, money, mining and polities. There are many interdependent factors, of course. In fact, so far as the movements of security prices are concerned, everything appears to hinge on the crops. It is found that only once in twenty-five years has the stock market failed to advance in good crop years, or to decline in poor crop years. The exception occurred in 1896. That year was a cardinal exception, as the silver agitation had tentatively discredited us, in the eyes of the entire financial world. Bank clearings, trade balances, etc., which have been mentioned as being barometrical, depend primarily upon the crops. With large cereal, cotton, fruit and hay production, we will have satisfactory bank clearings and satisfactory trade balances. Mining is not subject to the climatic influences bearing on the crops and can be more accurately gauged.

It has been my intention in this article to emphasize the necessity of continually studying future probabilities in forming our opinions as to the future of security values. In this I have probably digressed from the subject as laid down for me by the editors of this work. Reverting to the exact title, "The securities market as an index of business conditions," I will offer the brief opinion that business improvement is about discounted in the rank and file of securities. For bonds I see little hope of an advance from this level and some strong possibilities of a sagging tendency in the not distant future. The preferred stocks of railroads are also high enough. There are still some bargains in the industrial preferences but they are few in number. Railroad common stocks which pay dividends are on a four per cent income basis, which is high enough under present money conditions. Further advances in this group are dependent on the ability of corporations to increase dividends or show a greater net earning power. Industrial common stocks are in the speculative class as yet, but the investor who is capable of discrimination, will probably find his greatest opportunities in this group.

PRESENT CONDITION OF INTERNATIONAL TRADE

BY JOHN J. MACFARLANE,
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The total value of international trade is now double what it was in 1880, when it amounted to 14,500 million dollars. In 1900 it was 21,500 million dollars, and in 1907, 30,854 million, an increase of 9,354 million in seven years, a greater increase than in the preceding twenty years.

The value of the imports in 1907 was 16,329 million dollars and of the exports 14,525 million. Although imports and exports include the same articles and should be of equal value, the total combined value of the imports of all nations is always about ten per cent greater than that of the exports. This arises from the fact that in some countries the cost of freight and insurance is added to the invoiced value of the goods, and in others a system of evaluation of imports is adopted, which is usually larger than in the country from which the goods are exported.

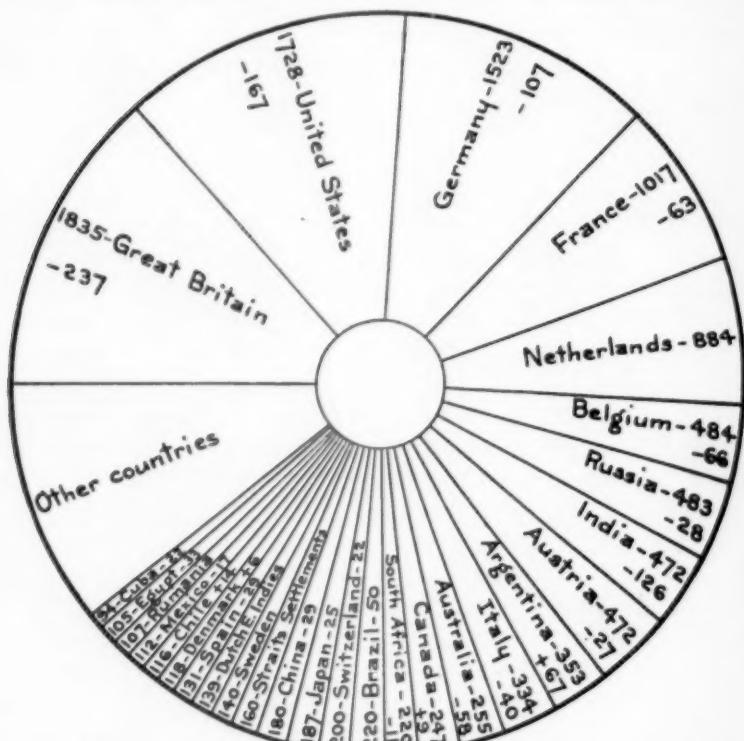
The total value of the world's commerce in 1908 was about 28,720 million dollars, or 2,154 million less than in 1907. The imports amounted to 15,120 million dollars and the exports to 13,600 million. The charts give the value of the imports for home consumption into and the exports of domestic products from every country, in which they amounted to over 100 million dollars in 1908. They also indicate how much the value is greater or less than it was in 1907 by prefixing plus or minus signs to the difference.

Two-thirds of the value of the commerce of the world is made up of the exports from and the imports into European countries. If the value of the trade of the United States is added to this it will be over three-fourths. The combined commerce of all countries in Asia, Africa, Oceania, South America and North America, outside of the United States, is less than one-fourth that of the whole world.

It can also be readily seen from the charts that the combined value of the exports from and the imports into four countries—Great Britain, Germany, the United States and France—makes nearly

one-half of the world's trade. The combined values of the countries given in the chart amount to about ninety per cent of the total trade. The 1907 values for the Netherlands,¹ Dutch East Indies, Straits Settlements, Turkey, Sweden and Roumania are given in the charts, as those of 1908 are not yet available.

COMMERCE OF THE WORLD
EXPORTS OF DOMESTIC PRODUCTS, 1908. TOTAL VALUE—\$13,600,000,000



Values by countries given in millions of dollars. "+" and "—" indicate the difference between 1908 and 1907.

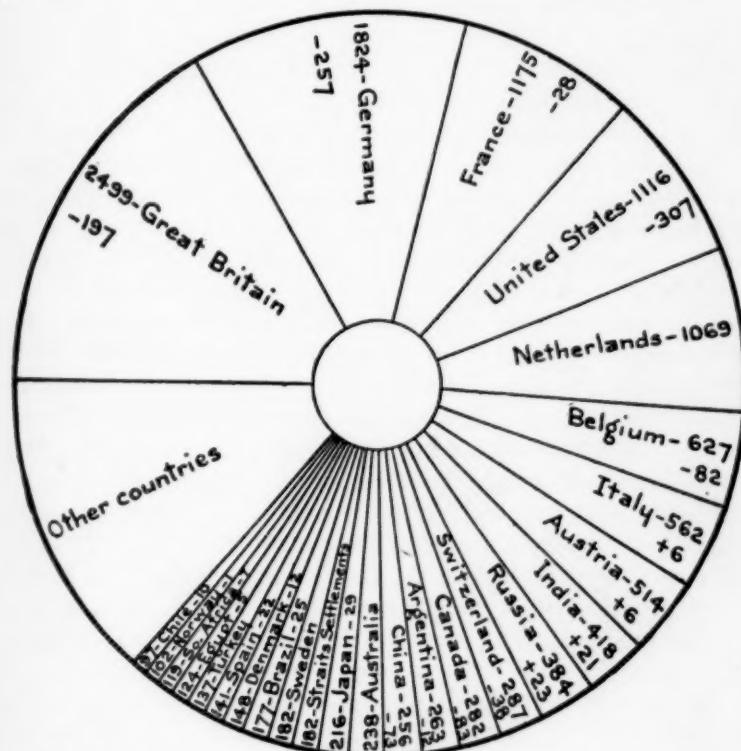
The imports of every nation decreased in value, excepting Italy, Russia, India and Austria Hungary. In like manner, the exports of every nation decreased, excepting Argentina, Chile,

¹ Netherlands, 1908—Imports, 1,134 million dollars; Exports, 876 millions.

Canada and Denmark. The largest decreases in imports were in the United States, 307 million dollars; in Germany, 257 million; in Great Britain, 197 million; in Canada, 83 million; in Belgium, 82 million; and in China, 73 million. In exports, the largest decreases were in Great Britain, 237 million dollars; in the United States,

COMMERCE OF THE WORLD

IMPORTS FOR CONSUMPTION, 1908. TOTAL VALUE—\$15,120,000,000.



Values by countries given in millions of dollars. "+" and "—" indicate the difference between 1908 and 1907.

167 million; in India, 126 million; in Germany, 107 million; in Belgium, 66 million; in France, 63 million; in Australia, 58 million; and in Brazil, 50 million. The only very large increase was 68 million dollars in the exports from Argentina.

How general the depression of commerce throughout the world was in 1908 is readily seen from the predominance of minus signs before the differences between the trade of 1907 and 1908. This depression was the result of a number of causes, but it is generally attributed to the financial panic in the United States in October, 1907. The public knew no other reason for so sudden a collapse of financial credit and therefore took an effect for a cause.

Five years of prosperity had succeeded each other and it seemed at times that in some lines of business it was almost impossible to supply the demand. New mills were erected or new machinery installed in order to increase the output. Over three million spindles a year were added in the cotton industry alone, but there was no corresponding increase of consumption. As a natural result of the increased output, supply soon overtook demand. Then large stocks of goods began to accumulate in the leading centers, waiting for a hoped-for increase in demand to take them off the market. In addition, in many small markets, where no one had any suspicion of their existence, smaller stocks were being held. In this way a condition was created which would be affected adversely by influences which under ordinary circumstances would have no effect.

In Southern and Eastern Asia lie two countries—India and China—in which nearly half of the people of the world are to be found. Anything that affects these people injuriously is bound in time to react on the rest of the world. In 1907, the southwest monsoon, which occurs from June to September, failed, and famine conditions with their accompanying distress extended over an area of 133,000 square miles, with a population of fifty million.

The production of nearly all the food products in India was short, leaving the millions engaged in raising them without the regular pay for their labor, and as a consequence unable to buy the usual quantities of food and clothing. The effect of this was not immediately apparent in the statistics of trade. India exported 498 million dollars' worth of goods in 1907, but in 1908 their exports fell off 126 million dollars, thus showing how much India had suffered.

The great financiers of New York and elsewhere, through their unusual facilities for obtaining information, knew all about the failure of the monsoon and that there would be a failure in the

crops of India, before any indications of it reached the general public. They immediately began to take in sail and prepare to save their interests from the coming storm. Others seeing their actions, but not knowing the cause, took fright and followed their example. Soon the general confidence was lost and the panic was on.

This panic made New York and other financial centers draw on the gold reserves. As a consequence of this a fall in the price of silver followed, and the Chinese Haikwan tael decreased in value from seventy-nine or eighty cents to sixty-five cents, thus lowering the purchasing power of China. In 1908 the value of the exports from China had fallen from 209 million dollars in gold to 180 million, and the imports into China from 329 million to 256 million. This falling off reacted on Japan, as well as India and other countries, and the exports from Japan fell off twenty-six million dollars.

The depression of commerce in 1908 is, therefore, like most economic conditions, the result of a number of causes. First in point of time came the unwise overproduction of the manufacturing industries of the United States and Europe, causing a large accumulation of unsold goods. Next, the failure of the southwest monsoon in far-off India, resulting in famine and the consequent underconsumption of food and clothing among hundreds of millions of people. This made it certain that the accumulated stocks could not be sold at current prices. Then followed the endeavors of the financiers of New York to save their interests from the impending storm, which precipitated the financial panic of 1907, the effects of which soon reached every country in the world. From this may be learned the lesson that no country is benefited in the long run by the misfortune of another; that losses arising from famine and pestilence, from wars, from poor government, or bad economic conditions, wherever occurring, affect all.

Turning to the consideration of the present condition of the world's trade, a fair idea of it can be obtained from a study of the following table, in which the value of the imports and exports of the countries named are given for as many months of 1909 as statistics are available at the time of writing. The values for the same periods of 1907 and 1908 are added in order to show the progress of the trade. The complete change in the course of trade in 1909 from that of 1908 is evident at a glance. In 1908, as

COMPARISON OF TRADE OF 1909 WITH THAT OF 1908 AND 1907.

COUNTRIES.	No. of mos.	IMPORTS.			EXPORTS.		Increase or decrease in 1909 compared with 1908		
		1907.	1908.	1909.	1907.	1908.			
Argentina.....	6	125.9	126.0	136.2	+ 9.6	178.9	215.1	+ 24.2	+ 27.7
Australia.....	6	118.0	115.8	112.9	- 2.9	147.6	136.7	- 14.3	+ 7.6
Austria-Hungary	6	234.6	253.6	267.0	+ 13.4	222.0	225.2	+ 2.6	+ 1.0
Belgium.....	7	412.0	353.4	379.8	+ 26.4	293.0	266.5	- 27.3	+ 6.7
Brazil.....	6	91.9	90.2	82.2	- 8.0	144.0	96.3	- 114.3	+ 18.0
Canada.....	7	216.8	162.7	190.9	+ 28.2	117.6	120.1	+ 12.5	+ 1.2
France.....	8	794.1	712.1	752.1	+ 40.0	74.1	630.9	- 678.9	+ 48.0
Germany.....	6	1,034.1	908.4	955.0	+ 46.6	787.0	737.0	- 739.0	+ 2.0
India.....	6	186.7	219.2	176.7	- 42.5	334.3	249.4	- 287.2	+ 37.8
Italy.....	7	347.8	327.7	359.7	+ 32.0	218.9	194.3	- 203.9	+ 9.6
Japan.....	7	152.5	144.5	123.9	- 20.6	117.6	102.3	- 107.8	+ 5.5
Mexico.....	6	61.8	49.2	41.9	- 7.3	65.0	57.4	- 61.0	+ 3.6
Russia.....	6	164.8	183.9	182.8	- 1.1	198.0	189.2	- 262.4	+ 73.2
South Africa.....	6	64.2	60.7	61.2	+ .5	116.3	108.0	- 115.5	+ 7.5
Switzerland.....	6	155.4	138.1	143.8	+ 5.7	107.9	96.8	- 100.5	+ 3.7
United Kingdom.....	8	1,768.9	1,631.6	1,651.6	+ 20.0	1,382.5	1,236.0	- 1,189.7	- 46.3
United States.....	8	1,001.7	700.0	946.5	+ 246.5	1,196.2	1,091.1	- 83.7	- 83.7

(Values given in millions of dollars.)

shown in the charts, decreasing trade is the rule; in 1909, as shown in the table, increasing trade is the rule. Only six countries show a decrease in imports—India, Japan, Brazil, Mexico, Australia and Russia; and only two a decrease in exports—the United States and Great Britain. Four countries—Argentina, Austria-Hungary, Russia and Italy—imported more than in 1907; and four—Argentina, Austria-Hungary, Russia and Canada—exported more than in 1907.

The United States and Great Britain are the largest exporting nations in the world. In the United States, the exports were 83 million dollars less than in 1908 and 188 million less than in 1907. In Great Britain, the exports were 46 million less than in 1908 and 192 million less than in 1907.

The falling off in the United States is mainly in raw cotton and a number of food products. The falling off in these is equal to the total decrease in the value of all products, as can be seen from the following table, where the values are given in millions of dollars:

	1907.	1908.	1909.	Decrease.
Cotton	238	212	193	19
Wheat	29	53	21	32
Flour	40	38	26	12
Cattle	23	16	10	6
Fresh beef	19	10	6	4
Bacon	15	18	15	3
Pork	11	7	3	4
Hams	17	17	15	2
	392	371	289	82

This falling off is due to the high prices of raw cotton, wheat and flour, which the markets of the world are not yet willing to pay. There was also a decrease in the quantity of wheat and flour exported, as well as in the value. Of raw cotton, seventy million pounds more were exported than in 1908.

In Great Britain the falling off in the values of three articles is more than the total decrease, as is shown in the following table, in which the values are given in millions of dollars:

	1907.	1908.	1909.	Decrease.
Cotton yarn and textiles	370	335	306	29
Machinery	102	103	93	10
New ships	35	29	20	9
			48	

Nearly one-half of the loss is in the value of the exports of cotton goods, yarns, etc., to India, which fell off twenty-five million dollars from that of 1908.

The facts given in the charts and tables will enable any one to form his own opinion as to the course of trade during the last three years.

In Great Britain and Germany, in 1909, there was a great falling off in the value of textiles exported, especially cotton goods; and in the United States, in the exports of cotton. The imports of raw materials will show whether the manufacturing countries have exhausted their stock and are ready to make new textiles. The imports of wool into the United States have increased twenty-three million dollars; into Great Britain, sixteen million; and into Germany, fifteen million. The imports of silk into the United States have increased fourteen million dollars; into Germany, three million; but those into Great Britain have decreased slightly.

Cotton, the most important of all, and one of which the United States does not import any quantity, being the largest producer, does not show any great increase in value. In Great Britain it fell off one million dollars, although it increased two million pounds. In Germany it increased two million dollars in value and in quantity eight million pounds.

In jute, the United States increased its imports over one million dollars, while those of Great Britain decreased three million. In hides and skins, the United States increased twenty-five million dollars; Great Britain, six million; and Germany, four million. In rubber, the United States increased seventeen million; Great Britain, thirteen million; while Germany fell off slightly.

Taking these as examples it will be found that the tendency in these countries is an increased use of raw materials, but that in the United States the increase is far greater than in either of the other countries. This increase of imports in the large manufacturing countries is the most promising feature in the world's trade, because it means that the money from wealthy nations is going to the suppliers of raw materials. This will enable them to purchase the manufactured products of other nations, by exchanging their raw materials and food products for them, so that next year the non-manufacturing countries will increase their imports and wipe out the decrease in exports of the two leading countries.

Three nations will be the leading competitors in the future trade. Each of them has certain advantages which the other does not possess. Great Britain has the accumulated capital arising from its manufacturing industries during a long period of freedom from invasion. It also has the inherited skill and tendency for commercial and industrial operations. It is the leading shipping nation of the world, the trade of other countries being largely carried on in its vessels. It is the leading banking nation of the world, London at present being the world's financial center, although it may not be long until that is shifted to New York.

Germany has the advantage derived from the careful development of its industries through the scientific skill of those in charge of them. This is largely the result of their system of education. It also has the advantage in foreign trade of habits of working together for an end, and the influence which the German government, more than any other, gives to advance the trade of the individual German merchant or corporation. As a result of its military system, the habit of following the government's orders is extended into business lines.

The United States has more of the material resources necessary for the expansion of trade, both at home and abroad, than any other nation. If it were not that its manufacturers and merchants were so busy keeping up with the demands of home trade, their competition in the foreign markets would be more dangerous to their rivals.

To-day, the United States is the greatest agricultural nation in the world, 8,000 million dollars' worth of grain, cotton and other farm products being raised annually. This is more than any other two nations in the world. The United States is also the greatest mineral producing nation of the world, the value of the annual product of its mines being over 2,000 million dollars, or more than all the countries of Europe combined. The value of the product of the coal mines of the United States is greater than that of all the gold mines in the world, and more than the value of all kinds of minerals produced in Great Britain or any other country.

The United States is also the greatest manufacturing country of the world, the output of its factories in 1905 being valued at 13,000 million dollars. The United States raises seventy-five per cent of the cotton of the world. It consumes twenty-nine per cent

of the world's product, or eight per cent more than Great Britain, the next largest consumer. It imports more silk, rubber, manila hemp, sisal hemp, hides and skins than any other country.

When we turn to the foreign trade we find that as yet the United States ranks below Great Britain and Germany in imports and below Great Britain in exports, according to the annual statistics. The rate of increase of the exports of the United States, however, is such that if continued it will soon surpass even Great Britain. This will be brought out more clearly in the following table, in which the average annual value of imports and exports for the decades mentioned are given:

Decade.	AVERAGE ANNUAL IMPORTS FOR HOME CONSUMPTION.			AVERAGE ANNUAL EXPORTS OF DOMESTIC PRODUCTS.		
	Great Britain.	Germany.	United States.	Great Britain.	Germany.	United States.
	Millions of Dollars.			Millions of Dollars.		
1880-1889	1,610	768	676	1,119	749	759
1898-1907	2,297	1,542	963	1,464	1,236	1,469
Increase	637	774	287	345	487	710
Per ct. of increase	42.6	100.7	42.4	30.8	64.8	93.5

In this table the value of ships has been omitted from Great Britain, because they were not included in the statistics of that country prior to 1898, when for the first time the exports from the United States exceeded those from Great Britain. The trade of Hawaii and Porto Rico with the United States is not included since they came into the possession of the United States, although it would be fair to do so.

From this table it will be seen that Germany has increased its imports more than Great Britain, not only in percentage but also in actual value, and that the percentage of increase of the United States is about the same as that of Great Britain. We have been told by the political economists that high tariffs would prevent an increase of imports, and yet we have here two high tariff countries increasing their imports in a greater ratio than the great free trade country, and when we take up exports the contrast is still greater, the increase in the exports from the United States being more than double in value that of Great Britain.

Since the enactment of the Dingley tariff in the United States, in 1897, the average annual excess of exports over imports has been 500 million dollars. In the nine months of 1909 this excess has fallen to sixty million dollars, and while it is probable that the later months will increase this excess, it will still be far below the average.

The exports from the United States are changing in character. In 1899, forty-four per cent of the exports consisted of food products. In the first seven months of 1909 these products only represented 24.6 per cent of the total. This has been made up by an increase in the exports of manufactured products, which in 1909 amounted to 47.2 per cent, or nearly one-half, the balance being made up of crude materials for use in manufacturing, of which raw cotton was the principal part.

As to the future of the United States we cannot do better than quote the following from "The Statist." In speaking of the United States it says, "With this rapidly increasing population, this great accumulation of wealth, and the still vaster expansion of production, no doubt whatever can be entertained of the continued prosperity of the American people and of American industries. Only after there is no fresh land to put under cultivation, no new mines to open up, no additional oil-wells to tap, no new supplies of lumber to be cut, no further economies of transportation to be made, can there be even a diminution in the rate of expansion . . . all the signs and conditions are favorable to the continuance of this rate of expansion for the next ten years, the depression of trade resulting from the recent crisis is passed, already the volume of production and of trade is approaching the high-water mark of 1907, and in the next twelve months new records will be established by producers and manufacturers, by traders, by railways, by bankers, and by all others that will participate in the work of creating and distributing the unprecedented quantity of wealth that will be produced, consumed and accumulated."

The improvement in the condition of trade in the United States is already having its influence on other countries. The increase of 246 million dollars in imports has improved conditions of European and Asiatic countries, from which the bulk of these products has been obtained. The good harvests in Russia and other countries and the improved conditions in India, as a result of a

favorable monsoon, have increased the purchasing power of those countries.

One of the drawbacks to a rapid increase of the world's trade is the present high price of many of the products entering into it. This is no doubt due partly to the enormous increase in the production of gold, which is the measure of values under the present system of currency. The decreasing value of silver also acts as a drawback, because in China and other silver countries the ability to purchase where payment must be made in gold is very much decreased.

In the value of international trade the pendulum has started upward. The world has again entered an era of prosperity after a much shorter duration of financial depression than usual. We can all join heartily in the wish that nothing shall occur to mar the present bright prospects.

CONDITIONS IN STOVE MANUFACTURING

By WILLIAM J. MYERS,
President, National Association of Stove Manufacturers,
New York City.

For a better discussion and understanding of present business conditions in this industry, some reference for the purpose of comparison should be made to the recent past when business in nearly all lines was on a high plane of prosperity.

When the financial panic swept over this country in October, 1907, the stove manufacturers had hardly completed the delivery to the retail trade of the stoves which had been ordered for the early fall demand. Such orders under the stimulus of the prosperity of the three or four preceding years, which seemed likely of continuance, had been liberally made, and manufacturers realized the largest output for any October in the history of the industry. The belief so general at first that the panic was but an unpleasant financial gust soon to pass over, with only a few blow-downs chiefly among stock speculators and so-called frenzied financiers, was shared by the stove interests, and hence manufacturers did not suffer countermands of orders as would have been the case had the crash precipitated itself two months earlier. They did suffer in the month of December, when business fell off alarmingly, but the year remained a record one for large sales. The full force of the business depression, however, was felt in 1908, and was early indicated when salesmen were sent out for new business.

The element of weather is one that plays an important part in the stove business and often operates to offset general business depression. Two-thirds of the annual business in stoves is transacted by manufacturers and wholesalers in the last four months of the calendar year, and with good, crisp fall weather and a cold winter, stove manufacturers and the dealers as well, except from delayed payments and losses from bad debts, do not feel the full force of bad times. In the fall of 1908, however, Jack Frost did not come to the rescue of those interested in the stove business, and they felt the depression equally with those in many other lines.

Stove manufacturers for the most part are broad-minded men and harbor few jealousies. A high degree of harmony and a wide spirit of co-operation exist among them. Many are members of the National Association of Stove Manufacturers, with its principal office located in Chicago, and nearly every devotee of the industry is a member of one or more of the nine constituent associations, covering the various districts into which the United States is divided. There is no such thing as a trust, holding company or consolidation of interests in the stove industry, but the manufacturers are well organized for their mutual welfare and the correction of abuses that often creep in and tend toward the destruction of a great industry, preventing the concentration of the mind upon ideas for its betterment, which in this branch means the creation of more artistic designs, new serviceable attachments, increased cooking conveniences and the development of improved methods in foundry practice. It cannot be said, however, that great advancement has been made in the application of machinery in stove production, the molding machine having so far been developed for but limited use and economy.

It is due to the splendid organization of the stove manufacturers that but few failures were recorded among them during 1908, notwithstanding that the business fell off in some sections thirty-five per cent, with an average decline in all of fully twenty-five per cent. The stove industry is one that employs capital to the extent of about \$60,000,000, with an annual output of about the same amount, hence requiring one dollar of capital for every dollar of sales. This is due to the necessity of manufacturing and carrying for months numbers of stoves to meet the demand in fall and winter, which often becomes extra large and urgent, and to the further fact that a very large percentage of the cost of stoves to manufacturers is the wages of workmen which are generally paid weekly.

Upwards of fifteen thousand hands are employed in the stove shops and factories in the United States, and over three million pieces of goods are distributed annually. Without organization and perfect machinery for the gathering and dissemination of information as to the effects of the general business depression upon the demand for stoves in all sections, ignorance of the facts and fear would have prompted price cutting and reprisals with

complete demoralization as the result. The trade suffered loss of profits through reduced sales and continued high cost of distribution, but was spared the inroading of its capital by added losses through slaughter of prices.

Coincidently with the falling off in domestic sales was the decline in the foreign demand. Almost as soon and almost in the same ratio the demand for stoves from foreign countries declined. The export of stoves does not make a large item of our foreign commerce, owing to the fact that it is almost entirely confined to types designed for cooking. Comparatively few American heating stoves are shipped abroad, and those that are shipped go mainly to China, Japan, Chile and Argentina; Germany and France supplying the larger European demand. While heating stoves form a large part of the product of American stove foundries, the world's markets are little open to them. Our export possibilities are confined to cooking stoves, the use of which is limited in many of the warm countries which are good customers for other lines of American manufacture.

It was stated during the recent panic that the United States had become so large a factor in the world's commerce, and New York City so much of a financial center, that the effects of our panic were felt around the world. It may be due to this fact that the reduction of the export demand in 1908 kept such regular step with the domestic decline, but it was certainly due in many cases to special causes in the countries themselves. For instance, we could not have been responsible for the depression in South Africa, which had continued for nearly four years and reached its climax in 1908, and was due to the natural reaction of overspeculation after the Boer war, and the vast quantities of canned provisions and war supplies sold there by the British government at its close.

Orders from China had not been liberal since the boycott placed on American goods; the Japanese were not overanxious to buy American stoves while the excitement continued over the California incident; Chile was having a controversy with Peru; and Cuba was under the military control of the United States and her people were full of jealousy and more or less of hatred for us. For two or three years prior to 1908 the demand from some of these countries had been reduced, but was not felt in the midst of our phenomenal home prosperity. It was unfortunate, however, that untoward cir-

cumstances continued during the year of our business decline. In Mexico, where merchants and business men had been enjoying a season of prosperity second only to that enjoyed here, the American panic did cause much distress, and much capital of Americans held in banks in Mexico for investment or for use in enterprises there was hurriedly withdrawn to cover sudden obligations in the states. Australia and New Zealand, for thirty-five years a profitable field for American stoves, have been almost entirely yielded up to Great Britain on account of low prices impossible for American manufacturers to compete against.

The export demand for stoves is often a fluctuating one and increases but slightly even when normal conditions prevail, for, in proportion as the demand increases in certain parts of the world, competition grows or local makes supply part of the additional demand. In several places in South America local-made wrought-iron or sheet-steel cooking stoves are sold in considerable numbers, while German and French competition is extremely keen, and more favorable terms are offered than American manufacturers seem willing to make. Since the Japanese-Russian war, factories have been established in Japan and American stoves imitated. The same is likewise true of New Zealand, where local foundries have been established within the last few years.

Notwithstanding all this, it can be said that the export revival as shown this year is greater than the domestic. With the opening of the year the demand from South Africa was distinctly an improvement over what it was for four years previous, and has thus far been maintained throughout the year. It would seem that they have passed through their period of reconstruction and, with good crops, have returned to prosperous conditions. But little recovery is realized in the Mexican demand. Capital has not been replaced, and floods, earthquakes and insurrections have further hindered the return of prosperous conditions. Some increase in demand is noted from Argentina, owing partly to the steady advancement being made in that country, the increase of population and the influence of the forthcoming transportation exposition to be held next year. But the demand would be greater in all South American countries if our people had followed up the advantage opened to them by the passage of the United States fleet around the continent and ex-Secretary Root's visit.

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The direct effect of the tariff on the stove industry is almost a negligible quantity. The indirect effects are considerable, because whatever affects adversely the production of other American manufacturers and shortens factory operations reduces the purchasing power of the wage earners, and the stove is about the first among the articles of household utility that in bad times the workman aims to repair instead of appropriating money for a new one. Foreign made stoves, however, cannot obtain a foothold in this country in competition with our own goods. They are heavier, clumsier, unsuited to our needs, and with all packing, shipping and commission charges added to the initial cost, their price would be too high.

It is not a fact that underselling us secures to our foreign competitors an advantage in the disputed fields of Central and South America so much as the willingness of the Europeans and British to make long terms and bestow more attention upon the packing requirements. In nearly all countries south of us the American stoves are preferred for their lightness of weight, style and many conveniences, but much complaint is heard of the inattention of American manufacturers to detail and of their unwillingness to extend credits. We are no doubt largely to blame that our exports amount to only about two per cent of the total value of our output of stoves, amounting in 1908 to only a little over one million dollars.

While not directly affected by the tariff, stove manufacturers, realized how seriously tariff discussion interrupts general business, and their national association sent delegates to the National Tariff Commission Convention in Indianapolis in February last, and aided the movement to petition Congress for the appointment of a commission of experts and business men of probity to gather tariff facts for the use of Congress and the Executive, so that in future an intelligent and scientific tariff might be constructed.

Save in an industrial panic such as overspread this country in 1893, when the harmful effects endure longer and business men weary in waiting for the tide to turn, it is seldom that the stove trade experiences two poor fall seasons in succession; and the indications are that the approaching season will not be an exception to that rule. The demand this year, despite the tariff agitation, has increased. For the first eight months of 1908 sales fell off twenty per cent on the average, while for the same period this year they

have increased twenty per cent. This by no means signifies a full recovery of 1907 volume, as the increase is based on a much smaller total than the decline, but it has been steady and carries hope and confidence of continuance.

The autumn demand is expected to be very satisfactory from the fact above stated that two bad seasons in this line rarely come together. The expectation seems especially founded this year, when improvement in so many other lines is noted. Increased stove sales should be made if the earning power of the people has been and is being increased over last year, because many old stoves that were patched to last out the winter of a year ago must go to the junkman this fall. The natural increase in population, moreover, and return of many of the emigrants who left our shores in 1907 and 1908 will furnish a good extra demand. The increase this year would need to be nearly thirty-three and one-third per cent to equal stove sales in 1907, and this is too much to expect so soon. The volume will hardly equal that of 1906, but will probably run close to that of 1905, a very good year in the stove trade.

The people's savings were much larger when the reverse came in 1907 than they were at the previous panic and they did not run so heavily in debt during the period of idleness. Aside from the reduced purchasing power of wage earners, the business horizon is almost clear of obstacles to the spending of money for all the ordinary wants of the people, and the more liberal purchasing of luxuries by those in more comfortable circumstances. The business skies are clear, the air is not foggy with complex economic or political problems to clog the mind, check ambition or block enterprise; the tariff is settled, building is improved, crops are abundant, even though not of bumper proportions; there exist no serious international controversies; no presidential election stares us in the face for three years to come. The people have confidence in the good judgment and fair-mindedness of President Taft; there are no alarming labor troubles to disturb the country; stocks remain high, reflecting good times, and unless the weather proves very unpropitious for stove traffic, stove manufacturers will have reason to feel satisfied with the year's business. It ought certainly to be a twenty per cent increase over that of 1908, with every prospect, barring the intervention of war, pestilence or great convulsions of nature, of greater improvement in the year to come.

THE STOVE TRADE

BY JAMES W. VAN CLEAVE,

Former President of the National Association of Manufacturers; President of The Buck's Stove and Range Company of Saint Louis, Mo.; Chairman, National Council for Industrial Defense.

The annual value of the stove manufacture in the United States for all cooking and heating apparatus is in round figures about \$100,000,000. Some one has said that there is no business in this country so much like the coffin business as the stove trade, inasmuch as no one ever buys a stove for cooking or heating purposes until dire necessity forces the issue, and no one ever buys two because they are cheap. Accepting these statements as facts, and following the conclusion in its last analysis, we find that the stove trade is the very last to recover from trade dislocations of all kinds.

We find the farmer must replenish his farm implements; that the children of the homes must have their winter shoes and their Sunday-school hats; and at last, that the drudge of the family, the mother, is given some consideration and the kitchen is fitted with a new stove. The stove trade has not experienced any recovery from the recent depression, and is not likely to enjoy a normal business until at least the beginning of the coming year, and not then, unless all trade conditions have reached the normal and have climbed to the maximum trade volume of 1906.

The stove manufacturer, however, enjoyed with American industries generally a prosperous period of nearly ten years, with the result that no serious injury, except failure to accumulate additional money, has resulted from the late panic and business disturbance. There have been no notable failures in the stove trade. The stove manufacturer in general is able to pay his bills promptly, and is to all intents and purposes in a good financial condition. The American stove trade is almost exclusively in home markets; that is to say, less than five per cent of the \$100,000,000 of volume is distributed to other nations. The competition of stove manufacturers is at home and among themselves. In no other nation of the globe can be found so many comforts in the homes of the common

people as are found in the homes of our people. Facilities for good cooking and heating, the two most important of all the home comforts, are easily obtained and are regarded as necessities of the American household. American stoves and ranges are found in the homes of the pioneers in the very uttermost parts of territory now owned by the United States, except the Philippines, as well as in the homes of New York's "four hundred."

Wonderful progress has been made during the last ten to twenty years in the manufacture and construction of cooking and heating apparatus for the home. This is more pronounced in the more populated districts, cities and industrial centers, where natural and manufactured gas has been made a common fuel. The use of gas as a fuel in these districts is becoming almost universal, notwithstanding the fact that experiments have been made for years with electrical devices for use in the home kitchen. As modern constructions are brought into use and presented for the consideration of the American people, they are quickly adopted wherever fuel and other conditions make it possible to do so. In this way the American stove manufacturer still has a most profitable market for his products at home, and is not interested to any great extent in foreign trade, or international trade conditions, and is not likely to be for many years to come, except in spots here and there.

The only effect that the recent tariff legislation had, or possibly could have, upon the stove trade, is the collateral effect of trade dislocations, trade depressions, the stoppage of manufacture and non-employment of the American workman. In this way a widespread general depression was brought about, and it directly affected the trade of the stove manufacturer as has already been shown. So serious was this result that the average loss in volume in 1908 as compared with 1906 was a fraction more than 50 per cent. The recovery in 1909 will be slight, so that the effect of the panic and trade conditions, growing out of the tariff discussion and tariff legislation and general trade depression, was to practically demolish temporarily the stove trade, and the date of its recovery is fixed after general business has reached normal conditions.

But while I am very conservative in my estimate of the time required for business revival, I am thoroughly optimistic as to the outlook for the future. Everywhere in this broad land, from Alaska to Florida and from Maine to the Mexican line, can be seen evidence

of marvelous prosperity. Everywhere we find improvement, progress and success. Everywhere we find opportunity opening to our people who are making homes for themselves in the uttermost parts of our land. Everywhere we find marvelous and wonderful opportunity offered to American enterprise, and on all sides we find the guiding hand of the Almighty God seeming to favor our people. There was no natural reason for the recent panic. It was brought about primarily by designing promoters, and principally by the great army of calamity howlers, who are ever ready to destroy and never to upbuild. Even now our people have plenty, comparatively speaking. Our farmers, the great backbone of our country, are prosperous. True, employment in the industrial communities has not been as plentiful within the past eighteen months as it was during the decade just prior to the beginning of the panic in 1907, but the impression is created everywhere in the mind of any observant man that all nature seems ready to burst out in an overwhelming demand for the products of the American manufacturer and in turn for the produce of the American farmer.

Therefore, the general outlook for the immediate future is all that the most skeptical mind could wish for. It seems we are to-day on the very threshold of a period of prosperity and trade volume such as this country has never known before. It is believed by even the most conservative that the next two, three or four years will mark a period of trade prosperity and general uplifting conditions such as has never been experienced by any nation in the world before, and it is to be hoped that these Utopian promises will not be marred by a short-sighted policy of the work people, and that on the contrary they will go on making all the money they can, giving to their wives and children their heritage, a real American home.

The panic may have been a blessing in disguise to all of us, warning us not to become extravagant, arbitrary or careless. New duties confront us as we are changing from an agricultural country into an industrial one. Competition with old, established industrial nations for the world's markets compels us to follow their example and pay special attention to the industrial training of our youth. It is to be hoped that the public schools of the nation will take up seriously the matter of industrial training in primary grades, along the lines that are now in vogue in Germany, for in this way we can make of our working population a nation of independent, qualified

American workmen, and raise still higher the standard of American industries.

Aside from the unrest and dissatisfaction among a limited number of our work people, brought about by the false teachings, sophistries and criminality of part of the leadership of trade unionism, there does not seem to be a fleck on the commercial horizon.

DIFFICULTIES AND NEEDS OF THE PAPER AND PULP INDUSTRY

BY ARTHUR C. HASTINGS,
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The past year has seen less activity in business due to a light demand in every grade of paper. Returns on capital were not satisfactory, and labor was not steadily employed. This condition of the paper manufacturing industry, however, was no different from that in all the large manufacturing plants of the country, and reports from abroad indicate that these conditions have prevailed there, particularly in this industry.

The paper industry is probably more sensitive to conditions than many others, mainly because advertising falling off or increasing suddenly, causes less or more paper consumption, with little notice to the manufacturer, who does not know general conditions as quickly as does the advertiser. While the daily newspapers and magazines probably printed as many copies of their issues as formerly, they curtailed the amount of paper used, by printing less pages or reducing the number of columns per page. This in the aggregate amounts to a saving of many hundred tons.

In addition to this smaller demand, the jobbers in every city have reduced their stocks of all grades of paper to the lowest point possible, thus causing thousands of tons, usually held to properly conduct their business, to be put on the market. The result is a decreased demand and practically an increased production. As usual under these conditions, prices were low and competition extraordinarily keen. Mills have run on part time and in general have reported business as unsatisfactory. Since August first, however, the demand is increasing and a much better tone is apparent in the paper market in general.

The recent tariff legislation had a very disquieting effect on the paper business as it had on every other. No one would buy for more than his immediate wants and very few contracts for a supply were made until the tariff was fixed. The demands of the publishers were selfish and without regard for the rights of man-

facturers, who were being taxed on their supply of raw material and who must pay wages sufficiently high to enable their workmen to live as they are accustomed. The manufacturers demanded that all duty should be removed from the finished product. This was a most unfair position, and the inherent desire of Americans for fair play induced Congress to pass a tariff which, while lower than facts warrant according to "comparative cost at home and abroad," will, I believe, serve to protect the American manufacturer against ruinous foreign competition.

The removal of all duty from paper and pulp in the lower grades would, in a very few years, put the mills of the United States out of existence. The world's supply and demand interests each country. To-day there is an overproduction in certain grades of pulp and paper in some European countries, and with no protection the American market would be flooded with paper at perhaps a loss to the manufacturer, and at a price that would shut down fifty per cent of our plants. When normal business conditions prevailed in these countries the export would stop, but in the meantime our mills would be in no condition to resume.

Any investor in a manufacturing plant is entitled to a fair profit on his investment, and more than a mere interest charge. The business is hazardous and constantly changing through improvements in machinery and replacements, and maintenance expenses in the paper manufacturing business are greater than in almost any other manufacturing industry. Water power conditions, moreover, are uncertain and make it impossible to foretell the cost of manufacture a year ahead. Yet competition has apparently made it necessary for mills to sell their product at a very small estimated profit under most favorable conditions. This, under abnormal conditions, means a loss, as with but few exceptions and for short periods, the prices of all grades of paper have, in the past twenty-five years, been steadily decreasing, in spite of the enormous increase in consumption. In every grade of paper the industry has more than kept pace with demand. The use of all grades of paper in the United States is greater per capita than in any other country of the world, and we produce, in the lower grades, nearly fifty per cent of the world's consumption. This fact alone shows the progress of the industry. The protection afforded by the government has been an important factor.

I believe the manufacture of so-called wood paper in the United States will not increase very much in the future. Certain more favorably situated mills may increase their capacity somewhat, but others less fortunately situated will cease making the lower grades or will dispose of their water powers for other purposes. The vicious attacks made on the paper manufacturers by their customers, who have grown prosperous, partly at their expense, does not stimulate new ventures by capital and in the end may cause higher prices due to lack of production.

This condition of trade does not indicate that we will ever become a factor in the export business even with a general revival abroad. The home demand will increase, and has already shown a fair increase as compared with other staple articles. With conditions nearly as satisfactory as 1907, the increase of about five million population, must alone increase the consumption of all food stuffs and manufactured articles. On the whole the outlook for the future of the paper industry in this country is healthy. While, I believe, there will be little or no additional growth of the manufacture in the lower grades, and that we will not export this quality, this argument does not apply to the finer grades of book and writing papers. These grades are made by many mills, each one having a special brand or use, and the prices are made on quality, quantity, manner of packing, etc. The consumption is more uniform and the prices more steady. They are used in smaller quantities, so that the prices are not as much a factor as quality or reputation. There is no reason why the American manufacturer with his ability and taste cannot export these higher grades in competition with many other countries.

The paper manufacturing industry as a whole is one of the important ones of the United States. It has a capital investment of some \$350,000,000, an annual product \$250,000,000 in value, representing an annual output of over 4,000,000 tons of paper in different grades, and employing over 100,000 people directly in the business. Since the census of 1880, or within thirty years, there has been an increase of \$300,000,000 in investment, \$200,000,000 in annual output, and 75,000 in the number employed in the industry.

On one of the principal grades of paper, during this period, the price has been reduced from \$140 to \$40 a ton. No one can claim, therefore, that the manufacturer has not invested his money

freely to build up the industry, that he has not taken care of the growing demand, or that he has gotten an unreasonable price for his product. It takes longer for capital to be turned over in this manufacturing business than in almost any other large industry.

I have endeavored in a brief and simple way to refute many statements which were no doubt published with the idea of influencing Congress in tariff arguments and to affect the value of our product. I desire to impress the public with the belief that this is a legitimate manufacturing industry, subject to conditions of trade the same as any other industry. The men engaged in it are reputable business men and in good standing in the communities in which they reside, having in many instances their "all" invested in it. The cry of the intermediate consumer, not the ultimate, is from a desire to buy his supply cheaper than it can be made, and in order to get this result on twenty-five per cent of the annual product of the paper mills he proposes to put all manufactures of all kinds of paper in one class. No thinking man believes that a reduction in the price of newspaper, or cheaper grades of book paper, for instance, would reduce the cost of a single copy of a publication to the purchaser; and yet it has been claimed that a duty of about ten per cent on printing paper is a "tax on intelligence."

The interests of the consumer and producer are alike, and we have no objection to their profits. We do, however, object to misstatements made with a view of ruining our investments. The average man believes the pulp mills of this country are devastating the forests, not because he knows anything about it, but because it has been brought to his attention by publishers in the shape of articles and cartoons. The facts are, that less than two per cent of the annual drain of American forests goes into paper and pulp. Railroad ties consume more timber and mine supports nearly as much. The two together consume twice as much as goes into paper in its different forms, but the public does not read that they are such destroyers of natural resources. These facts are taken from government reports and are therefore authoritative. The "golden rule," although not used as much as formerly, is still a good measure.

PROSPECTS OF THE MEAT PACKING INDUSTRY

BY MICHAEL RYAN,
President, American Meat Packers' Association, Cincinnati, O.

Within twenty years the meat packing industry in this country has grown to extraordinary proportions. The entire meat output of the United States may be safely computed at \$1,200,000,000, and five or ten of the largest houses report their annual sales at about \$700,000,000. However, a great many food articles other than meat enter into these sales, and reduce the meat sales proper to about \$550,000,000, or not quite one-half the total business of all the packers for one year. The transactions of the five large corporations are immense; yet it will be seen that they do not control the meat industry. It is too much scattered, localized and diversified for any one combination to control, and it is best for the packers, large and small, and the general public, that it should be as it is.

The panic which came in October and continued to November, 1907, did not in the beginning affect the meat business disastrously. On the contrary, for at least six months, it was rather a blessing in disguise. Coming as it did at the commencement of the packing season, when the large droves of stock prepared and fed for market usually begin to pour in, with money tied up in banks and withdrawn from circulation, live stock dropped at least twenty per cent in price as compared with what it would have been if normal conditions had prevailed. Consequently, for the whole winter season, packers, who could raise the money, realized substantial profits on the raw material laid in at low prices. Nor did the demand for meat slack off by reason of the stagnation and general depression in business. The lower prices invited consumption, and, notwithstanding the increased packing, stocks of provisions did not accumulate so as to be burdensome. All went well with the packers until about the first of July, 1908, when live hogs again began to advance to a much higher level of values. The great prolonged drought of last year seriously endangered the corn crop and consequently the fall months saw vast droves of immature live stock

rushed into the markets, and as the packers thought they foresaw a great scarcity in the later winter and early spring months, they all brought high prices. In this they erred, for the hogs continued to arrive in larger number than expected, and as a result, in the spring of the present year, the meat cellars were well filled with high-priced hog products.

The effects of the drought on live stock were not felt until May and June, when the greater part of the winter packing had been marketed without profit to the packers. The last two months—July and August—have witnessed higher prices for hogs than at any time but once for the last twenty years (\$8.45 for live hogs). On the whole, the packing season for the year now closed, October 1, 1909, has been very unprofitable to pork packers in this country.

Owing to the exceedingly high price for hides and fat products, beef packing shows somewhat better results, but the margin of profit in this branch of the packing industry has been light. Our foreign exports of provisions have fallen off very materially in the past year. Up to ten years ago packers depended upon the foreign trade to take the surplus, but with the increased consumption at home and the consequent higher prices, Europe has not been so liberal a buyer of our provisions. Great Britain is the only buyer of any magnitude. Exports of meat and dairy products were valued as follows for the past nine years:

1901	\$196,959,637	1906	\$190,766,669
1902	199,861,378	1907	180,342,341
1903	179,027,586	1908	170,498,626
1904	176,027,586	1909	146,280,220
1905	169,999,685		

On this the "National Provisioner," a journal devoted to the packing interests, thus comments:

The showing for the past year is one not calculated to encourage our exporters and the trade as a whole. Conditions existing abroad for the past two years which have decreased Europe's buying powers, have undoubtedly affected the volume of this trade. The same thing was felt in the United States for a shorter period following the financial disturbance of 1907, but Europe has taken longer to recover. There are present signs of recuperation, but they do not in the case of most of our products afford us any encouragement.

As long as foreign governments can discriminate against our meat products as Germany and France do now, so long will there be no chance

for improvement. More than that, our trade with these countries is rapidly being wiped out, and when this is accomplished it will take more than amended tariffs and commercial treaties to get it back again. The tariff bill now pending in Congress offers us hope of relief in this direction through the maximum and minimum provisions it contains, giving the President the power to retaliate against those countries which do not give our products fair treatment.

We have heard a great deal of late about the "unwise" and "infamous" character of this policy of retaliation as contrasted with a policy of "conciliation." After a study of the figures quoted here and of the conditions which have confronted our export trade in some countries, the only policy of "conciliation" which would seem to be at all reasonable or effective is this "conciliation with a club" which is contained in the new tariff law. Our friends, the importers of foreign commodities, do not like it, of course. That is natural, and it is from them and their organs that the opposition to it arises.

There is every prospect that this feature of the tariff bill will become law, and that under the wise, far-seeing administration of Mr. Taft it may be effective in giving our industry the foreign outlet for its surplus products which it needs and to which it is entitled.

The writer of the above is somewhat blunt in his description of the situation, but what he states is a fact which we must face sooner or later. The foreigners who find a market here for their wares and shut their doors against the products of our soil should be made to taste of their own medicine.

Reciprocity, the principle of "give and take," is not only beneficial to individuals, but to nations as well. It is noticeable also that the prejudice against American products is so strong among the most prominent of the continental nations of Europe that no opportunity is permitted to pass wherein a drive can be made at American meat or live stock. The recent canned meat scandal was used as a powerful weapon against the meat packers. So much so, that the canning industry was practically annihilated for two years; nor has it risen to its normal condition as yet.

It would astound many to know the tremendous losses sustained by the unlucky holders of canned meats upon the breaking out of the so-called scandal. The trade was paralyzed in this country and Great Britain, and coming as it did at a time when dealers had laid in full supplies of the article and borrowed heavily from banks to carry the goods for which there was no market, the strain was most oppressive. The indiscreet and violent manner in which those in authority sought to correct an alleged evil in the manufacture of

an important product in general use, and held up our large packing houses to public reprobation, was taken hold of by the sensational press. The American packers were brought to shame before the whole world, and competitors in other countries, taking advantage of all this, used it against us in a most effective manner.

The bumper crop of corn which is assured this year means much cheaper meat for the people. Statisticians estimate the production at three billions, which is the largest on record. However, it must be borne in mind that corn is so universally used as food for man and beast at present, and for manufacturing purposes also, that the price will be well maintained. When corn can be had at fifty cents per bushel at the seaboard, exporters will become buyers for it and they will not permit a large surplus to accumulate. It is estimated that eighty per cent of the corn crop is used by the farmers themselves in the fattening of stock, as this is generally more profitable than selling the grain. Other crops give promise of a generous yield, and we may reasonably expect a revival in all lines of business this fall.

The best evidence of good times for some time to come lies in the fact that the agriculturists are better off now than they ever have been in this country. Abundant crops for the past ten years, coupled with a continuous and steadily increasing demand for all farm products at unusually profitable prices, have brought heavy gains to the coffers of the farmers. There is no surer means of livelihood offered in this country than farming. I have before me an editorial from the Cincinnati "Enquirer" which is to the point. The writer says:

In professional life it is well known that but few grow rich and the many barely earn a living, even in the prosperous United States. In Great Britain it is said statistics show that but fifteen per cent of professional men have living incomes. In industrial pursuits the eras of prosperity and those of depression succeed each other so rapidly that it is most difficult for the owner or operative to save enough from the years of activity to sustain and carry through the years of dullness or enforced idleness. Statisticians a score of years ago placed the final failures in mercantile affairs at ninety-five per cent of those who engaged in traffic, and while the percentage of recent years has no doubt been reduced very much below those figures, yet it is well known that two fail where one succeeds in merchandising.

It is in the tilling of the earth that lies the safest and most certain return to man for his labor. The advance in the agricultural development during the past thirty years, in combination with advanced prices for

products, vastly greater and better transportation facilities for reaching markets and the creation of new markets and constant growth in demand in every part of the world, have tremendously increased the possibilities, probabilities and certainties of amassing fortunes through agriculture.

Every county in every state in the entire Union needs tillers of the land and every city, village and hamlet would have greater comfort and larger volume of prosperity if millions of farmers were added to our population. No class of all the classes of workers in our nation has made the profits and saved such a large percentage of its earnings during the last twelve years as has the farmer class. This year, while the banner year for those who till the land, is but one of a long series in which the profits have come to them from their work.

The prosperity that has attended farming has been confined to no section of the Union. It has been abiding in the East, the North, the South and the West, and from each and all of those regions to-day come invitations to millions of other men to join with those who already are enjoying the rewards of their foresight and labor. The opportunities to secure independence, comfort and profit upon the lands of the United States were never so numerous or so available as they are to-day. The very best possible results to our government and our people would be obtained through a great increase in the number of those who derive their income through the products of the soil.

The writer of the foregoing is absolutely correct. The tremendous growth of our cities of late years does not make for national virility. The precarious means of existence which the busy marts of commerce afford is not to be compared with life in the country, and the wonder is why the millions who flock to these shores from the overpopulated countries of Europe instead of crowding into the cities do not take advantage of the vast domain whose fertile soil and diversified climate, with ready markets for what the earth produces, make an absolute certainty of comfortable and independent living. The tendency now, however, is to urban life, not only here but in Europe, and it seems as if the tide cannot be arrested until it has spent its force. While the necessities of life through our continuous growth in population may not cheapen materially even with the abundant crops assured this year, still there will be enough for all and considerable left after our wants are supplied to sell to our less favored brethren in other countries.

We have one thing to be thankful for—when the people of this country elected Mr. Taft to the presidency, they builded wiser than they knew. After the strain and the excitement of the previous administration and the lack of confidence caused by the panic, an

era of quiet and rest in order to recuperate our wasted energies and settle our over-wrought nerves became absolutely necessary. The great good sense, discretion and tact injected into governmental affairs by Mr. Taft have wrought a wonderful change for the better, and it now looks, with abundant crops and the new stimulus, life and activity apparent on every side, as if we are about to enter on a long period of unprecedented prosperity.

REVIVAL OF THE TRADE IN WOOLENS

By WILLIAM WHITMAN,
President, National Association of Wool Manufacturers, Boston, Mass.

In common with the other productive interests of America, the wool and woollen industry paid the price of the severe financial depression which set in suddenly in the autumn of 1907. This depression which spread over the entire nation soon made itself felt in a decreased demand for woollen fabrics, due to the general disturbance of business confidence. The inevitable result was that some woollen mills became idle and many more were working on reduced time, and the reflex was felt far away from the older manufacturing states on the farms of the Middle West and the ranches and ranges of the Far West and the Rocky Mountains. Manufacturers of the East, having no market for their fabrics, could not buy and utilize the Western wool, and the indivisibility of the industry received one more vivid and compelling demonstration.

The wools in common use fell off sharply in price, in sympathy with the falling demand for all kinds of woollen cloth and clothing. Of course, the dismay and suffering of the free wool period of 1894-1897 among the farmers and wool growers of the great agricultural and grazing states were not paralleled, but the conditions were the severest that had confronted the wool growers as well as the manufacturers since the system of adequate protection, so vital to the wool and woollen interests, was re-established in 1897 in the enactment of the Dingley law.

Following the year of the financial panic came, in 1908, the always nervous year of a general Presidential election, with the accompanying clamor for immediate tariff revision. Peculiarly susceptible to foreign competition, the wool and woollen industry felt this double stress more keenly than many other interests, and though conditions in the industry gradually improved in the spring and summer of 1908, the industry had not attained a normal or satisfactory volume of business.

Prosperity Under the New Tariff

Now, however, wool growing and wool manufacturing have attained and held for some time a reasonably strong, buoyant prosperity. This did not wait for the final settlement of the tariff question by Congress and the actual enactment of the new Aldrich-Payne law. Improvement began to be marked and rapid early in the latter half of 1908, as soon as it had become manifest that the political forces pledged to a maintenance of the protective principle were practically sure to win the Presidential election in November. There was no perceptible halt or decline in this prosperity when tariff revision became inevitable in the announcement of Chairman Payne, of the Committee on Ways and Means, immediately after the election, that his committee would begin at once to hold a series of hearings for the great producing interests of the country, with a view to the preparation of the first draft of a new tariff law.

The wool and woolen industry of this country had not asked for a tariff revision. It had not advocated a reduction of the rates of duty protecting other industries, and it felt that it could not afford any material reduction in the duties covering its own. There was, moreover, no difference of opinion between the growers of wool and the manufacturers of wool as a whole as to the wisdom and justice of the maintenance of adequate protection on the materials of manufacture. Raw wool, though classified as a crude product, is nevertheless the finished product of the ranch, the range and the farm.

Both wool growers and wool manufacturers in the main believed that there was no serious danger to their interest in a revision of the tariff by the friends of the protective principle, but both well understood how complex a thing a tariff is and especially the wool and woolen schedule. Both were loth to exchange a legislative system which had worked with such unexampled smoothness and success for the upbuilding of their industry as had the Dingley law for a new law framed, doubtless, in good faith and with honest intent to maintain adequate protection, but which through human fallibility might nevertheless embody errors of construction or involve errors of interpretation from which the Dingley law had been singularly free.

It was the frank, dominant opinion of this industry, how-

ever it may have been with other industries, that the time had not come when another general revision of the tariff was necessary or advisable, and that the proposed action of Congress was distinctly premature. Yet the industry, as a whole, did not actively dispute the determination reached by the leaders of the National Administration that there should be a general revision of the tariff. Careful preparation was made by the National Association of Wool Manufacturers, co-operating, as always, with the National Wool Growers' Association, to present an exact and comprehensive statement of conditions in the industry and of the amount of tariff protection absolutely needed, to the members of the Committee on Ways and Means, who were holding their series of tariff hearings in Washington. This statement was delivered before the committee on December 2, 1908, shortly before the opening of the last session of the Sixtieth Congress. On behalf of the industry we asked for no increase in duty whatsoever. We did urge that substantially the existing rates of protection to the wool grower and to the manufacturer should be maintained unchanged, but that for the sake of better symmetry and accuracy there should be a reduction in the duty on that semi-manufactured article known as "tops." Subsequently this position was reaffirmed to the Senate Committee on Finance, and a great amount of supplementary argument and information was submitted.

The wool and woollen schedule of the new tariff, the Aldrich-Payne law, is highly satisfactory to our industry in general. The duty on "tops" was reformed and reduced exactly as we had recommended, and there were some real though not deep reductions in the duty on certain kinds of dress goods and worsted yarns. Otherwise, the wool and woollen schedule of the Dingley law was left intact in the new tariff, a fortunate circumstance considering the conscientious skill with which this difficult schedule had been constructed by Chairman Dingley and his associates in 1897.

When I say that the wool and woollen schedule of the Aldrich-Payne law is highly satisfactory to our industry in general, I am not unmindful of the fact that to create an absolutely perfect tariff law, every detail of which shall suit all diverse and conflicting interests and every fallible individual human judgment, is something that involves a superhuman wisdom. There are within our industry a few critics of the new tariff, but in numbers they

are very few indeed and in the proportion of the industry which they represent they are almost inconsiderable. Moreover, their criticism of the new tariff is unquestionably due to a serious misapprehension of the principles upon which it has been constructed. Never, probably, has a new tariff law approved itself so almost universally as this to the wool and woollen industry of America.

Since the Aldrich-Payne law took effect the purchases of wool by the American mills have reflected the buoyant confidence of manufacturers that we are entering now upon an era of genuine prosperity, and that, secure in adequate protection, the wool and woollen industry of this country will enjoy its rightful share of the national good fortune. Mills that were idle have been reopened, and mills that were on reduced time have gone on full time. There is no lack of business now for any manufacturer who knows the practical conditions of his trade and has kept pace with the march of modern requirements.

Alleged Price Increases

There have been some increases in the price of goods but these are not due to any tariff changes, for the only changes in the tariff, as has already been said, are downward. They, moreover, are increases in price as compared with the abnormal panic conditions of last year, and not with prices of the normal year preceding. They constitute merely a restoration to figures that should naturally prevail when trade conditions are reasonably good. There has been a notable strengthening in the demand for wool, and a very great enhancement in the prices paid to the producers as contrasted with the panic figures of a year or more ago. Of course, this inevitably compels an increase in the cost of goods, but it is the ancient and inexorable law of demand and supply and not any tariff change or any tariff increase that is responsible.

Fully two-thirds of the wools consumed in the manufacture of the clothing of the American people are grown on our own soil, and these clothing wools should be carefully distinguished from the cheaper and coarser carpet wools, almost all of which have to be imported. This statistical comparison of the imports of wools of both kinds into this country during the three fiscal years, 1907, 1908 and 1909, shows how firmly the wool and woollen industry

is recovering from the financial depression—indeed, how the industry began to recover, even before the new tariff law was enacted, as soon as it was clearly seen that it was to be fully protective in its character:

IMPORTS OF WOOL IN POUNDS

	1907	1908	1909
Class I			
Clothing wools	82,982,116	45,798,303	142,580,993
Class II			
Clothing wools	10,671,378	13,332,540	21,952,259
Class III			
Carpet wools	110,194,051	66,849,681	101,876,052
	203,847,545	125,980,524	266,400,304

There is every reason to believe that the total consumption of domestic and foreign wool in the American wool manufacture, carpets included, during the fiscal year 1909, will represent 600,000,000 pounds.

International Trade Conditions

In both clothing and carpets the American wool factories of to-day control the great bulk of the huge domestic market, the richest and best market in the world. But they do this only by incessant effort, for, especially in the higher grades of manufactured goods, they are constantly pressed by foreign competition. Contrary to a general belief, our imports of wool manufactures, especially of cloths and dress goods, are not decreasing but are increasing—this larger purchase of foreign goods representing a gain of about 70 per cent. in the decade between 1898 and 1907. It should be remembered that undervaluation has been flagrant in our imports of textile manufactures, and the foreign values with the duty added represent very much more accurately the actual amount of domestic manufactures displaced by these imported goods. The record of imports of manufactures of wool entered for consumption in the fiscal years from 1898 to 1907 is shown in the Table B.

On the other hand, our exports of wool manufactures are inconsiderable, amounting to only \$2,330,958 in 1907, and to

\$1,942,774 in 1908. These exports consist chiefly of ready-made wearing apparel sold in the nearby markets of Canada and Mexico. The high protective duty on the raw material, the superior wages and standards of comfort of our work-people, and the rather petty, provincial preference manifested in some quarters for foreign woolen goods regardless of their real quality, all combine to make the wool manufacture in America a difficult art, and to put out of the question all thought of developing a considerable export trade to other countries. Yet if American manufacturers of woolen goods can supply the needs of the great domestic market, the market of the most prosperous and exacting people in the world, there is sufficient here to guarantee to the industry a steady, wholesome growth and reasonable prosperity in all the years to come.

TABLE B.

Year.	Foreign values.	Duty-paid values.
1898	\$13,500,241	\$24,150,565
1899	13,978,852	27,249,433
1900	15,620,487	29,905,268
1901	14,729,450	28,178,756
1902	16,977,872	32,526,112
1903	19,302,007	36,866,701
1904	17,632,313	33,961,347
1905	18,021,042	34,568,634
1906	22,353,591	42,538,640
1907	22,357,206	42,349,232

Competition in the Woolen Industry

There are more people—many more people—in this country than in any other country who can afford to buy good woolen clothes. And the rigor of the climate over the greater part of our domain compels the wearing of woolen clothing of firm, honest quality. This demand is being successfully met by American manufacturers at the present time, and this is one of the greatest and most characteristic of American industries. It is unlike some other manufacturing industries in that the wool manufacture takes its material in the raw state from the farms and ranches, and by its own processes transforms this raw material into highly finished goods. The woolen factory, therefore, is far more than a mere place where many products already finished are assembled.

During the heat of the recent tariff debates in Congress a
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great deal has been heard about the "woolen trust." There is no such thing in this industry as a trust or monopoly. It is not one of the interests that have come to be dominated by one gigantic corporation. There are more than a thousand separate wool manufacturing establishments in the United States. Some of them are large concerns, but the great majority are of small or moderate dimensions, and all are competing actively with each other in the purchase of wool and in the disposal of their finished products. This industry is now paying to its operatives wages more than 30 per cent higher than the ruling rates of ten or a dozen years ago. The workers in American woolen mills receive about twice the wages of those who perform similar labor in Great Britain, and very nearly three times the wages of those who are engaged in like employment in the textile mills of the continent of Europe. A careful compilation of the actual net earnings of representative woolen mills of New England shows that they are making an average profit of not far from 6 to 7 per cent—certainly not an inordinate return from an industry exposed to so many caprices of fashion and to the hazards of trade.

Outlook for the Future

In conclusion, I regard our new tariff law as sufficient to conserve the manufacture in the United States of all classes of woolen goods that are worn by the American people, and as sufficient for the proper development of the industry in its present status. Therefore, in regard to competition from Europe, the industry is certainly as well protected as ever before. It is to be borne in mind, however, that the wool and woolen industry is an interdependent one; that its prosperity and the prosperity of those who are engaged in it are involved in the general prosperity of the nation. The public men upon whom has rested the responsibility of framing the present tariff law have been governed by the underlying principle that what is good for the whole must be good for each part, and that all that can be expected for any one industry is its proportionate share of the prosperity of the whole. I believe that the new tariff is favorable not only to the wool and woolen industry but in general to all the other productive interests of the United States. Under these circumstances, if the American

people are prosperous, the wool and woolen industry, adequately protected as it is under the new law, will inevitably be prosperous also. But it would not be prosperous, however fortunate might be the peculiar legislative and other conditions surrounding it, if the new tariff legislation were not beneficial to the other great interests of the United States.

THE PROSPERITY OF THE BREWING INDUSTRY

BY HUGH F. FOX,

Secretary, United States Brewers Association, New York City.

While the condition of all trades is a matter of common concern, the beer business is specially interesting because it is such an infallible barometer of general industrial conditions. When capital and labor are employed in constructive development, when the building trades are active, railroads prosperous, factories running full time, and the coal and iron men receiving steady wages, the laborer regards beer as a necessity. But in hard times, after his savings are gone and poverty begins to pinch, beer becomes a luxury, which he has to deny himself. He does not, however, lose his taste by self-denial, and the beer-drinking habit is readily resumed as soon as he can afford it. There is a curious analogy to be drawn between the savings bank deposits and the beer sales, for they seem to go up and down together. In times of sudden panic, neither the savings banks nor the brewers are immediately affected, and it is not until the consequent industrial depression has become general, and the labor market slumps, that savings are withdrawn, and the sales of beer fall off. Thus the beer consumption for the year which ended June 30, 1893, actually showed an increase of 8.58 per cent over the previous year, but the sales for the year following showed a decrease of 3.68 per cent, and the sales for the year ended June 30, 1895, showed a decrease of three per cent, as compared with 1893.

The volume of the beer trade in the United States during the past decade is shown by the table on the next page.

The sales for the year which ended June 30, 1909, showed a decrease of 4.14 per cent, which may be accounted for, in part, by the spread of prohibition, although in the main it is believed to be due to industrial conditions. The detailed figures will not be known until the complete report of the Commissioner of Internal Revenue is published. The preliminary report, which was issued on July 27, only gives the gross total, and this shows a decrease

of 2,444,183 barrels. I have, however, obtained reports from several collection districts in the important manufacturing states, which furnish conclusive evidence that the decrease is largely due to industrial conditions. For instance, in the first Pennsylvania district, which takes in Philadelphia and vicinity, there was a decrease of a fraction over five per cent, and the figures for Western Pennsylvania will, it is believed, show a still larger decrease. This is particularly significant, as there is no dry territory in the State of Pennsylvania. Connecticut and Rhode Island show a decrease of 2.40 per cent. In Greater New York, which is certainly not dry territory, the decrease is also nearly five per cent, and the same conditions are reported from the district which includes Newark and Jersey City. It is believed that the tide has now turned, for the months of June, July, August and September, 1909, show a marked increase over the sales of the same months in 1908. The increase in August alone amounted to 480,685 barrels, which makes up for twenty per cent of the entire decrease of the previous fiscal year.

Year.	Beer sales (to June 30) in barrels of 31 gallons.	Percentage of increase or decrease, as compared with each previous year.
1898	37,493,306	.....
1899	36,581,114	2.43 per cent Decrease
1900	39,330,848	7.52 per cent Increase
1901	40,517,078	3.02 per cent Increase
1902	44,478,832	9.77 per cent Increase
1903	46,650,730	4.89 per cent Increase
1904	48,208,133	3.34 per cent Increase
1905	49,459,540	2.59 per cent Increase
1906	54,651,637	10.49 per cent Increase
1907	58,546,111	7.12 per cent Increase
1908	58,747,680	.34 per cent Increase
1909	56,303,496	4.14 per cent Decrease

The following table shows the beer sales by states for the fiscal year which ended June 30, 1908, with the increase and decrease as compared with 1907. The total production of 1908 was slightly larger than that of 1907, in spite of the decrease which took place in the business in dry territory. The table indicates the relatively small importance of the prohibition movement in the Southern States. The total of the sales for the entire territory south of Ohio was only 2,817,672 barrels, which is less than five per cent

SALES OF BEER IN 1908.

States and Territories.	1908	Increase as compared with 1907.	Decrease.
Alabama	89,566	.....	23,681
Arkansas	11,775	1,675	.....
California and Nevada	1,259,175	39,551	.....
Colorado and Wyoming	437,780	38,734	.....
Connecticut and Rhode Island	1,239,905	17,150	.....
Florida	14,968	.....	2,232
Georgia	118,370	.....	57,490
Illinois	5,535,167	111,887	.....
Indiana	1,365,420	.....	46,906
Iowa	411,455	.....	9,501
Kansas and Oklahoma	27,100	.....	14,885
Kentucky	738,381	.....	5,152
Louisiana	510,258	19,993	.....
Maryland, Delaware and District of Columbia	1,443,952	.....	9,830
Massachusetts	2,201,861	43,011	.....
Michigan	1,539,833	18,528	.....
Minnesota	1,337,976	99,044	.....
Missouri	3,841,337	.....	7,356
Montana, Idaho and Utah	464,042	41,082	.....
Nebraska and South Dakota	428,933	32,086	.....
New Hampshire	301,132	.....	22,231
New Jersey	3,178,958	40,560	.....
New Mexico and Arizona	27,197	.....	2,150
New York	12,962,152	.....	54,752
North Carolina	10	10	.....
Ohio	4,401,313	78,172	.....
Oregon, Washington and Territory of Alaska	1,068,023	6,302	.....
Pennsylvania	7,569,557	27,761	.....
South Carolina	4,090	1,089	.....
Tennessee	260,638	.....	30,257
Texas	546,917	.....	9,859
Virginia	192,774	.....	17,069
West Virginia	341,700	7,459	.....
Wisconsin	4,875,965	.....	109,174
 Total barrels	58,747,680	624,094	422,525

of the total production, and this includes Kentucky, Louisiana, Texas and the Virginias, which are "wet" states. The total production in Alabama, Georgia, the Carolinas and Tennessee, now under prohibition, in 1908, was only 471,000, and the Georgia

brewers are still doing business at the old stand. There is, however, a considerable quantity of beer shipped into the Southern States from Milwaukee, St. Louis and Cincinnati, and from other points on the border line. I do not know just what the total of these shipments is, but it is estimated at over a million barrels.

By the way, the Statistical Abstract of the United States for 1908, published recently by the Department of Commerce and Labor, is illuminating. It reveals that the per capita consumption of wheat flour, corn and corn meal, sugar and coffee decreased in 1908, as compared with 1907, much more largely than the decrease in the per capita consumption of beer. The consumption of tea for some unexplained reason dropped from 1.10 pounds per capita in 1906 to .99 in 1907, and went up again to 1.07 in 1908, but the amount of tea consumed as compared with coffee is very small. The exact figures are as follows:

	Per capita consumption.	Per cent of decrease in per capita consumption 1908 as compared with 1907.
	1907	1908
Wheat and wheat flour	.686 bushels	5.40 bushels..... 21.28% Decrease
Corn and corn meal	33.11 bushels	29.10 bushels..... 12.11% Decrease
Sugar	.82.61 pounds	75.42 pounds..... 8.70% Decrease
Coffee	.11.36 pounds	10.04 pounds..... 11.62% Decrease
Tea	.99 pounds	1.07 pounds..... 8.08% Increase
Malt liquors	.21.23 gallons	20.97 gallons..... 1.20% Decrease
Distilled spirits	.1.63 pf. gallons	1.44 pf. gallons... 11.66% Decrease
Wines	—.67 gallon	—.60 gallon..... 10.44% Decrease

The enormous expansion of the American beer trade, which has marked the progress of the temperance movement, is, of course, remarkable, but it is due, in part to the unprecedented increase in the urban population. It is generally estimated that eighty-five per cent of the entire beer business of the United States is a city trade. At the same time, the percentage of increase during the past twenty years in beer production, is believed to be much larger than the percentage of increase either in the total population of the country, or in the urban population. The total population of the United States in 1890 was 63,037,704, and in 1900, 76,303,000, an increase of 21.04 per cent. The urban population in 1890 was 20,768,881, and in 1900, 28,411,698, an increase of 36.8 per cent. The beer sales in 1890 were 27,561,944 barrels, and in 1900, 39,330,848 barrels,

which shows an increase of forty-three per cent. The comparative figures of the urban and rural population of the past decade are not, of course, available, but the total population in 1908 is estimated at 89,770,126, being an increase of 17.52 per cent since the 1900 census was taken. The beer sales increased from 36,581,000 barrels in 1899 to 58,747,680 barrels in 1908, an increase of 60.6 per cent. Evidently, therefore, the consumption of beer is increasing much faster than either the total or the urban population. In this connection, it is interesting to note that the sales in the principal revenue districts for 1908 were 41,422,295 barrels, which was seventy per cent of the total sales. These revenue districts comprise the following cities and vicinities, in the order of importance named: New York, Chicago, Milwaukee, St. Louis, Philadelphia, Newark, Pittsburg, Boston, Cincinnati, Albany, Rochester, Baltimore, Cleveland and Scranton.

In preparation for this article I addressed an inquiry to the principal brewing centers, asking for information showing the trend of the trade, and its relation to industrial conditions, the prohibition movement, weather conditions, soft drinks, the resort business, Sunday closing, etc., etc. Replies were received from twenty of the most important distributing points, representing sixteen states. The substance of these replies indicates that over half of the decrease in the beer sales during the past year was caused by industrial depression, and that probably twenty per cent of the beer is now sold in bottles. There has been no marked displacement of beer by soft drinks, even in dry territory. In the largest cities the Sunday beer business is variously estimated from five per cent to fifteen per cent of the total, but where the saloons have been closed on Sundays during the past two or three years, there has been a considerable increase in the trade in bottled beer. There is no doubt that the family consumption of beer is increasing everywhere out of all proportion to the general beer consumption. The perfection of bottling machinery, improved methods of distribution, reduced cost, and the advertising campaign which brewers are now entering upon, all tend to develop this branch of the business. Besides this, however, the operation of prohibition and local option tends to bring the consumer direct to the producer, and the demand for bottled beer in dry towns has become sufficiently important to indicate the promise of a profitable mail-order business. There

is, indeed, little new territory to be found in connection with the saloon trade, except as new cities spring up with the expansion of the railroads, and the development of suburban points, for there is hardly a city of any size that does not now have quite as many saloons as are actually needed for the reasonable convenience of the public. But every family within the range of a delivery wagon now has its own ice-box, and can keep beer at a palatable temperature, and when once a family tries the experiment, and finds how pleasant and harmless it is, the habit is almost sure to become fixed. Curiously enough, the development of the bottled beer business is decreasing the "growler" or bucket trade. The working-man's family in the cities is getting into the custom of keeping bottled beer on the premises, instead of sending to the nearest saloon for a pail of draught beer at meal times.

With the exception of the family trade, it seems to be the general opinion of the brewers that the country business is hardly worth having. The waste from loss of packages and broken bottles is considerable, the volume of the trade is small and collections are expensive and uncertain. Of course, when a family has a case of beer sent by express, the cost of the bottles is included in the bill. The draught beer business of the average country saloon is usually very small, and the freight charge relatively high. The following letter is enlightening on this subject:

"In New England the country trade is no considerable factor. Rural New England is dry, because the preponderance of rural sentiment is against license. Dry territory takes considerable beer in bottle. But our belief is that no more than a third of our own product in bottles goes into country districts. Of our own draught beer, probably ninety-five per cent is sold and consumed in cities and towns of 10,000 and upwards. We might hazard the guess then, that not more than fifteen per cent of our own product at the outside is for rural consumption; though we do not undertake to give actual figures. The tendency in the country is towards the use of spirits, as evidenced not only by the character of the mail-order business which the cities carry on with the rural people, but by the fact that the saloons of small license towns in the center of rural communities sell their out-of-town customers far more than the urban proportion of spirits to beer. What the country market might become if beer and ale might legally be sold, no one can say; but the

rural communities are the stronghold of prohibition as a matter of fact under any system of local option, and they bear the inevitable result of prohibition in the shape of little beer and much whiskey. In this section, then, the country market for draught beer is negligible, for bottled beer is only passable, but for the distiller it is a mint. Draught beer, in the large, is sold in the cities, and the industrial towns."

The average percentage of alcohol in draught beer is from three to three and one-half per cent, and in bottled beer from three to four per cent. It seems to be the general experience that the Near Beers, which have been exploited so much during the past eighteen months, are not giving satisfaction, and will not be a permanent factor in the business. These beers, which are sometimes called "Uno" and other fantastic names, contain only about one per cent of alcohol, and are practically soft drinks. They look like beer, and smell like it, but as a Southern critic puts it, "It ain't got no conversation." One of the leading brewers writes about it as follows:

"We do not make 'Near Beer,' or 'one per cent' as it is called in this section. Our observation is that it is not liked, is used only under compulsion, has its real function as a cover for the illegal sale of spirits, and has no permanent commercial future on its merits or as a satisfactory substitute for the more substantial fermented malt beverages. The volume of sales of 'near beer' fluctuates greatly. In territory newly dry, sales are large so long as prohibition is rigidly enforced, but as soon as enforcement slacks off in newly dry territory, conditions become what they are habitually in long dry territory—that is, the 'near beer' sales drop off to a minimum, employed chiefly as a cover for the sale of contraband spirits. In general, sales of 'near beer' furnish a fairly accurate barometer for judging the rigidity or laxness of enforcement of prohibition."

Another brewer writes that "at one time it looked as if Near Beer was going to play an important part in the business, but as long as the public can get the genuine product, they will not drink an imitation of it." I find that this opinion is quite generally confirmed by brewers in different sections of the country.

All of my correspondents are agreed as to the relation of the weather to the beer business. Many brewers keep a record of weather conditions in relation to their daily sales. In fact, some

brewers go so far as to say that weather governs the volume of business, other conditions being normal, and that the thermometer is a true indicator of the beer sales. A Chicago brewer puts the matter thus:

"We have some data showing the relation of the weather to beer consumption, but our data is not as complete as we would like to have it. However, the information does show that in warm dry days we sell considerably more beer than in moist and cool days. In July, 1908, for instance, it rained eight days, and the average temperature for the month was seventy degrees. In the same month of the year previous it only rained seven days and the average temperature was seventy-three degrees. In July, 1907, we sold a great deal more beer than in July, 1908. The largest proportion of the decrease in 1908 was of course due to hard times and the wave of prohibition, which hit us pretty hard a month or two previous, but we think the weather conditions also had a great deal to do with it. In July, 1909, we only had six rainy days and the temperature averaged seventy-three degrees, and the sales were just as large as in 1907. Taking different days in the same month we find the same conditions exist; for instance, the twenty-third and twenty-fourth of June this year we sent out considerable beer, but it rained on those days, and the next five days the weather was excellent. The first two of the five days the sales were very small, because the customers had stocked up on the two rainy days, but the last three of those five days the sales showed increases of several hundred barrels each day."

A number of my correspondents find a close connection between the immigration figures and the beer sales, which, of course, is perfectly natural. The schedules of the Bureau of Immigration which are made up for the year ending June 30th, correspond to the fiscal year of the Revenue Department and of the brewers. The number of immigrants and aliens admitted to the United States for the two years which ended June 30, 1907, was 2,386,084, and for the two years subsequent, 1908 and 1909, 1,534,656, a decrease of over thirty-five per cent. The actual difference is much greater because of the large number of immigrant aliens who departed from the United States during the same period. In 1908 alone, these reached a total of 395,073 persons. The attempt to get data as to the nationalities which comprise the prin-

incipal beer drinkers in the United States is baffling because of the universality of beer drinking. Practically every nationality that is found in the census list is mentioned by one brewer or another as being particularly good customers. One naturally associates beer drinking with Germans and the English speaking races, but the Italians in this country have adopted the beverage almost universally, and the Russians, Poles, Scandinavians and Belgians are all noted among the regular beer drinkers. Some brewers, however, speak of the native American as being their best customers. The fact is that in this country, as in Europe, the beverage has become so popular that it is evidently destined to be the universal drink of the future.

The growth of the lager beer business, which comprises ninety-five per cent of the entire beer business in the United States, is most remarkable when it is considered that it has only been in popular favor for about fifty years. Dr. Benjamin Rush, of Philadelphia, who is often spoken of as the real father of the temperance movement in the United States, labored persistently over a century ago to popularize beer as a measure of temperance. The introduction of the internal revenue system in 1861 gave a powerful impetus to brewing, and the business was helped along by the German immigration, which at that time had assumed large proportions. From 1863 to 1909 the brewers have paid no less than twelve hundred million dollars of revenue into the United States Treasury.

The capital invested in American breweries is now estimated at five hundred and fifty million dollars, which puts it sixth in the list of the three hundred industries that are mentioned in the United States Census of Manufactures, published in 1905.¹ Eighty per cent of the capital invested is represented in the cost of buildings and machinery. In the same bulletin is given the average yearly wage in the various industries, and it is interesting to note that brewery employees are at the head of the entire list, their average wage being given as \$719.64. The government report shows that "in the manufacture of beer, labor gets one dollar out of every \$5.50 produced. In the manufacture of flour, labor gets one dollar out of every \$26.35 produced. In the manufacture of fruit preserves, labor gets one dollar out of every \$6.35 produced.

¹Census Bulletin No. 57.

In the manufacture of cheese, butter and condensed milk, labor gets one dollar out of every \$16.50 produced. In the manufacture of coffee and spices, labor gets one dollar out of every \$27.75 produced. In the manufacture of cordage and twine, labor gets one dollar out of every \$7.70 produced. The list might be extended to the same effect. It is clear that the brewing industry does well by labor, pays the highest wages and gives the workingman the largest proportionate share in the financial profit."

In common with other great industries there is a marked tendency in the brewing trade towards the concentration of the business in the hands of the largest concerns. There are some 1,600 breweries in the United States. One hundred and fifteen brewing companies sold during the year which ended June 30, 1909, over 28,000,000 barrels, constituting about forty-eight per cent of the total output. Many of these companies are consolidations of a number of brewing plants, so that they represent some 200 plants.

The following table will show the growth of the business since 1880 in the various divisions of states:

States.	1880	1890	1900	1908
North Atlantic	7,967,534	14,491,585	19,592,693	27,453,565
South Atlantic	343,380	904,249	1,447,163	2,115,864
North Central	4,673,371	10,290,605	15,433,470	23,764,499
South Central	250,058	695,006	1,289,893	2,157,535
Western	512,768	1,180,499	1,567,629	3,256,217
 Totals	 13,747,111	 27,561,944	 39,330,848	 58,747,680

The percentage of increase was as follows:

States	1890 over 1880.	1900 over 1890.	1908 over 1900.
North Atlantic	81.8	35.2	40.1
South Atlantic	163.2	60.6	46.3
North Central	120.2	50.1	53.4
South Central	177.7	85.5	67.7
Western	130.4	32.8	107.7

The growth of beer manufacture in the South is clearly shown in the above table. Until the development of the ice machine, brewing was practically restricted to the northern states. Thus, up to about 1880, most of the beer consumed in the South was shipped in from the breweries of the North. With the perfection

of refrigerating machinery, however, and the scientific discoveries which made it possible to brew and store beer in any climate, breweries began to spring up in all the important cities of the South. In many cases capital was secured from the North, by the inducements which were offered by local enterprise. In fact it is not too much to say that the cities of the South solicited the brewing trade, and that most of the breweries in the southern states were originally built by northern men with northern capital, under the assurance of moral support and an unlimited franchise.

There is no doubt that lager beer has already changed the drinking habits of the masses in the cities of the South, and that it has been an important factor in promoting true temperance. But the men who lead the prohibition movement do not discriminate between beer and spirits, and in the wild hysteria which has marked the recent exploitation of the temperance sentiment, all beverages which contain alcohol have been classed together, excepting only cider—which is an “agricultural product,” though it contains fifty per cent more alcohol than bottled beer, and patent medicines—which are supposed to be taken with a wry face, and must therefore be good for both body and soul. But the people of the cities are so thoroughly dissatisfied with the imposition of prohibition that there will surely be a readjustment before long, and with this will come a great expansion in the beer business in all the progressive southern states.

THE AMERICAN IRON TRADE OF 1909 AND THE OUTLOOK

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The recovery in the iron trade of the United States from the depression beginning with the panic of October, 1907, has been unparalleled in the history of such periods. In the summer months of this year the view was expressed that the revival in demand had come too soon after a serious unsettling of confidence to be considered the real beginning of another period of prolonged prosperity. The so-called Sunshine Movement of 1908 and the false starts that came with it were one reason for doubting the permanence of this year's improvement. There was a disposition in some quarters, in fact, to find a resemblance between the behavior of the market this year and the effervescent demand which came in 1895, two years after the panic of 1893, and vanished before the year was out. But the developments of the past three months have shown that the present movement has far more back of it than supported the little boom of 1895. Apart from the palpable signs of strength in the iron market itself, the present situation differs vastly from that of 1895 in respect to credit, soundness of the currency basis, the crops, the buying power of the country, and its capacity for adding to its wealth, saying nothing of the greater confidence in financial institutions.

What is said above refers not at all to the tremendous increase in the scale of iron and steel consumption in the United States since 1895, expressed by a ratio of about three to one, but to the state of health in finance and industry to-day as contrasted with the diseased condition that persisted in the years following the crash of 1893. Whatever may have been the opinion of some students of the situation in the iron trade two or three months ago, it is now plain that practically but one ground exists for comparing the movements of 1895 and 1909—the fact that an interval of two years separates each from a severe monetary panic.

It is not necessary, in writing of the revival in the iron trade,

to go at length into the causes of the late depression. Yet there can be no ignoring its railroad phases. Every estimate of iron trade conditions and prospects in the past two years has begun and ended with the railroads. Last year's prophets of an early return of prosperity, who said that the unsound methods of a few New York banks should not stop the wheels of industry all over the country, saw at length that it was more than a local affair and more than the penalty of bad banking. What the iron trade found out at heavy cost was that railroad demand, one of the strong props of the prosperity of 1906 and 1907, had all but disappeared. There was no escaping the conclusion that the Hepburn act and the various official notifications that it was but a fair beginning in the application of untried policies to the operation of railroads, had raised a serious question as to the value of railroad securities. It is now evident that while that doubt has not altogether disappeared, a saner view is taken of the whole railroad problem. That may be some compensation for two years of hardship. Railroad financing over long periods is again possible on terms which can be entertained, not only for the refunding operations and note redemptions which were common earlier in the year, but for the new track, new bridges and new equipment which all the large systems are now planning or have actually under construction.

As in all other periods of recovery the abundance of money, due to the enormous accumulations in banks in the many months during which industry has languished, is an important factor. It is true that thus far much of these accumulations have been devoted to a vast speculation in securities, but even this use, much as it has been deprecated, has not been without its stimulating effect upon the business situation. The common stock of the United States Steel Corporation has been in a spectacular way the leader in this speculative movement. No such gigantic operation for the lifting of a security value has ever been conducted and no other has been so successful. There is no question that the psychological factor in the advance of Steel common from $21\frac{1}{8}$ in October, 1907, to a fraction over 90 in September, 1909, has been an influence in the market for iron and steel products. It was evidently the belief of powerful financial interests that the actual demand for the products of blast furnaces and rolling mills would speedily overtake the speculative movement, so that the values established by the latter

through skilful manipulation and the command of an enormous supply of cheap money, would in time be justified by the market for steel itself. Unquestionably this belief thus backed had no little to do in creating confidence in the continuity of the recovery that set in plainly in the spring of 1909.

Opinions will differ as to the extent to which the making of an open iron and steel market in February of this year has figured in the expansion of demand in the past six months. Those who consistently believed in the price maintenance policy of 1908 have been disposed to say that confidence was returning and that the time was ripe for a larger consumption. There were others who believed, as Andrew Carnegie did, that "the way to lift the market is to get under it." They considered that the only way to end the hesitation in demand, which they held due in part to doubt of the ability of the steel manufacturers by lawful co-operation to hold prices close to the level of 1907, was to make such cuts as would attract buyers. It was known for weeks before the open market announcement of February 18, 1909, that the co-operative movement was seriously threatened. Nominal market prices had been cut from \$1.00 to \$3.00 a ton, some of the smaller companies leading in these reductions. The sales managers of the various subsidiary companies of the United States Steel Corporation had been urgent for some time in appeals for permission to meet the prices of their competitors. The decision of the United States Steel Corporation that it would no longer maintain prices was announced by Judge Gary, its chairman, on February 19th. Of the reasons for this course he said:

It appears that, for one reason or another, including particularly the tariff agitation, many of the smaller concerns who have not been disposed to co-operate during the last year have become more or less excited and demoralized, and have been selling their products at prices below those which were generally maintained. This feeling has been somewhat extended and has influenced unreasonable cutting of prices by some of those who were opposed to changes but felt compelled to meet conditions in order to protect their customers. As a result of these conditions there has been a material decrease in new business during the last month for the reason, as stated by consumers, that they proposed to wait until after they were satisfied bottom prices had been reached.

In view of the circumstances stated, and the further fact that the stocks on hand at the time the panic occurred have been disposed of and the contracts

in force at that time have been completed or taken care of so that the necessities for the maintenance of prices which formerly existed have been modified, the leading manufacturers of iron and steel have determined to protect their customers, and for the present at least sell at such modified prices as may be necessary with respect to different commodities in order to retain their fair share of the business. The prices which may be determined upon and the details concerning the same will be given by the manufacturers to their customers direct as occasion may require.

In the week following the appearance of the above statement the prices of nearly all iron and steel products fell several dollars a ton. The price of steel rails, however, was held at the \$28.00 level for Bessemer rails and has remained there. The pig iron market had been practically an open one throughout the depression, and yielded but little when the finished material price structure fell. On most grades of pig iron the early reduction in February amounted to fifty to seventy-five cents a ton. For a time users of finished material bought sparingly, as they had done before, believing that it would take some time for prices to touch bottom. Successive reductions in mill products came in March, April and May. The low point for most products was reached in the last named month.

FLUCTUATIONS IN IRON AND STEEL PRICES IN 1907 AND 1909.¹

	High, 1907.	Low, 1909.	Oct. 1, 1909.
Bessemer pig iron	\$23.28	\$14.58	\$17.50
Basic pig iron	23.00	14.12	16.50
Southern No. 2 foundry iron	26.00	14.25	17.75
Bessemer billets	30.00	22.00	25.50
Rails	28.00	28.00	28.00
Plates	1.70	1.10	1.50
Structural shapes	1.70	1.10	1.50
Merchant bars	1.60	1.05	1.40
Sheets, 28 gauge	2.55	2.10	2.30
Tinplates	3.85	3.45	3.55
Plain wire	1.90	1.40	1.60
Pipe, 3/4 to 6 in.	2.47	1.81	1.81

An idea of the movement of prices in the past two years may be obtained from the foregoing table, in which Pittsburgh prices are represented, except in the case of pig iron. For Bessemer and basic

¹Prices for pig iron, billets and rails in dollars per gross ton; prices of other products in dollars per 100 pounds.

pig iron the 1907 price is the average price at Mahoning or Shenango Valley furnace for the high month of that year, while the 1909 price in the next column is the average in the "Valleys" for the low month in that year. The freight from the "Valleys" to Pittsburgh is ninety cents a ton. In the case of Southern No. 2 foundry iron the price given is for Cincinnati delivery. The prices in the third column are all as of October 1, 1909.

Perhaps the most marked response to the reductions in steel prices was noticed in the market for structural steel. Fabricating companies made low bids on building contracts in 1908, so low in fact as to indicate plainly that some steel manufacturers were furnishing them structural shapes at considerably less than the prices ostensibly maintained for the latter by the co-operative movement. When steel prices were openly cut this year further reductions were made in structural steel, and these stimulated the placing of orders for new buildings and bridges. Large contracts for bars were placed also in the spring of this year, some of these running to the middle of 1910. There was good buying, too, of wire products, but the most pronounced movement in these came just after May 1st, when reductions of \$4.00 a ton in wire nails were announced and of \$7.00 a ton in barb wire.

Buying by the railroads was not particularly stimulated by the cuts in prices. Occasional orders were placed for new cars and locomotives, but it was the general report that the railroads were not in need of new rolling stock. However, as the buying movement in the iron trade broadened and demands upon the railroads increased, new equipment orders became more frequent. At this writing most of the car works have orders enough to keep them busy until the end of the year. For most of 1906 their books showed that their capacity was engaged for about twelve months ahead. This was true, also, in the early part of 1907.

Perhaps the best measure of the recovery in the iron trade this year is found in the statistics of pig iron production. At the beginning of 1909 the blast furnaces of the country were producing at the rate of 21,000,000 tons of pig iron a year. On September 1, the rate had increased to 27,750,000 tons a year, with additional furnaces going into blast each week, indicating that new records would be made in September and October. The greatest pig iron production in the United States for a year was 25,781,361 tons in

1907. While 1909 is likely to fall more than 1,000,000 tons short of this the indications are that the 1907 record will be considerably exceeded in 1910.

Mention should not be omitted of the effect of the February reductions in steel prices on the wages of iron and steel workers. All the important steel companies apart from those included in the United States Steel Corporation reduced wages ten per cent, making the new rate effective April 1, and in some cases similar reductions were made in all salaries from president down. A number of blast furnace companies in the Central West and in Central and Eastern Pennsylvania made reductions also, though for the most part blast furnace wages were readjusted in 1908 as prices for pig iron fell. One of the most noteworthy of all the surprising phenomena of 1909 was the prompt restoration of wages by iron and steel companies. The general expectation that the United States Steel Corporation would reduce wages was not realized. Accordingly in May and June announcements were made by the various other steel companies that the wages of their employees would be restored to the basis existing before April 1. The marked improvement in business was the reason generally given for these restorations, in spite of the fact that some of the steel companies had been forced to make prices leaving little profit, in the sharp competition for orders. It was recognized, however, that the cost of living was persistently high and that after the short working time and short pay of 1908 steel workers were ill prepared to stand a general reduction in wage rates.

Though much was said about the tariff in comments on the course of the iron trade in the early part of this year, the downward revision of iron and steel duties in progress at Washington was really not an important influence. The effect of the Payne-Aldrich tariff act, as passed in August, is thus far scarcely appreciable in the iron trade. The best opinion is that under ordinary conditions foreign iron and steel products, even under the new duties, need not be expected to enter the United States in any significant quantity. The difference between ordinary market prices abroad and those in the United States is not sufficient to warrant the cost of transportation from foreign steel works, the payment of the duties and the penetration of foreign pig iron or finished products any considerable distance into the interior of this

country at competitive prices. The Atlantic seaboard, in fact, may be considered practically immune from competition except when domestic prices are pushed up rapidly under the impetus of a boom. The Pacific slope is most exposed, but there the tonnage involved is relatively small. When any large orders come up in that territory it may be expected that our iron and steel works nearest the Pacific, or even those in the Chicago district, would make any concessions needed to hold the business at home. The chief possibility of the reductions in the metal schedule is the cutting off of part of the peaks in prices reached in boom times.

Of actual developments thus far on which the new tariff has a bearing, the most important is the report that a large Pacific coast steamship interest has bought 50,000 tons of Chinese pig iron and is now placing it with consumers in that district. A certain amount of Chinese pig iron, as well as foundry iron produced in Great Britain, has been imported on the Pacific Coast in recent years. In view of the high cost of transportation to the coast from domestic centers of pig iron production, importation has been advantageous and is more so now that the duty has been reduced from \$4.00 to \$2.50 a ton. On the Atlantic seaboard the rapid advance in the price of domestic pig iron suggested to a number of buyers as early as August of this year the advisability of importing iron from the Middlesbrough district in England. The low state of the British iron market in the eighteen months preceding had brought values down to an attractive level. Middlesbrough No. 3 foundry iron, for example, was selling at fifty shillings in August. Early in September arrangements were made for bringing in several thousand tons of this grade, which corresponds to No. 2 foundry iron in the United States, at \$17.50, duty paid. At that time deliveries of No. 2 domestic pig iron at plants of tide-water consumers were on a basis of \$17.75 to \$18.00. It is a question how far the import movement will go. Already advances have been made in Great Britain, due to expectations of further American demand. It is always the experience that higher prices abroad follow advances here. Whether these will now be rapid enough to check the shipment of iron to the United States will depend in part on the extent of the actual accompanying improvement in consumption in Great Britain.

The possibility of imports of scrap iron and steel is also of

interest in view of the reduction of duty on such material from \$4.00 to \$1.00 a ton. The rapid increase in the production of basic open hearth steel in the United States in recent years, and the large employment of scrap iron in the manufacture of such steel has created a comparative scarcity of what is known in the trade as "heavy melting steel scrap." Eastern steel works in particular found the advance in the price of this material an embarrassment and naturally such companies favored the reduction in the scrap duty as a means of holding in check the domestic scrap market. Arrangements have already been made for bringing in several thousand tons of "bloom ends" from the Middlesbrough district in England, and it is believed that a considerable movement of South American and Mexican scrap into the United States may yet be seen, in addition to imports from Germany and Great Britain.

Every revival in the iron trade like the present one brings up the question of the immediate and prospective relation of consumption to producing capacity. It is not the habit of iron and steel companies to enter upon new programmes of construction in slack times. But it has often been noticed that new rolling mills, steel works and blast furnaces on which work was started in a boom are nearly ready to produce when the break comes and thus have to be reckoned with when demand again shows signs of strength. Another fact about the American iron trade which should be put alongside this one is that the potential consumption which the iron trade faces on emerging from a period of depression is not that which existed when prosperity departed. Not only in every such interval is there a gain in population, but new uses for iron and steel are developed. Thus as the tide of prosperity rises again it is with the certainty that a new high point will be reached on the ensuing movement.

The United States Steel Corporation was the chief builder of new capacity in the recent depression. Its appropriations for new construction out of the earnings of prosperous years were enormous. The plan was that the works at Gary, Indiana, which are counted on, as now laid out, to add 2,500,000 tons a year to the Steel Corporation's product, should be pushed ahead regardless of conditions in the iron trade. In deciding on these works the Corporation's officers took account of the average increase in iron and

steel consumption in the United States over a period of years. They decided that there were advantages in building in times of depression, even though the capacity should not be immediately needed. Comparatively little was done in new construction in 1908 by the independent steel companies. Some of them had just finished additions before the panic broke, others had plans for extensions which in some cases were held in abeyance last year, but were taken up in the early part of 1909. The result is that the iron trade enters upon a new period of prosperity with a considerably increased ability to produce pig iron, steel and finished material. Further, construction now under way and plans about to be carried out will bring forward other new plants at intervals in the next twelve months. It is reckoned that at the beginning of 1907 the effective blast furnace capacity that could be simultaneously worked was capable of producing 26,400,000 tons of pig iron a year. In 1907 fifteen new furnaces were put in blast, with an annual capacity of 2,050,000 tons of pig iron. In 1908 eleven new furnaces were started up, with a capacity of 1,300,000 tons a year; in the first nine months of 1909 nine new furnaces, with a capacity of 1,250,000 tons a year. In addition fourteen blast furnaces of modern capacity are under construction, while twelve furnaces are being rebuilt and enlarged. Thus by the early part of 1910 our pig iron production could reach 33,000,000 tons a year, as against a production on October 1, 1909, at the rate of about 29,750,000 tons a year. Much of the blast furnace construction referred to above is accompanied by new steel works capacity and new rolling mills, the latter representing a proper increase in the production of various finished forms of iron and steel. It is plain, therefore, that demand may still increase materially in the next twelve months without putting the industry under such strain as was experienced in the first half of 1907.

The predictions of leaders in the iron trade concerning 1910 are highly optimistic. These are not based on the amount of business actually booked for next year, for that is not great as yet. The reasoning of those who predict the greatest year the iron trade has ever seen is this: with partial recovery from the depression the iron industry is making a record production in the closing months of 1909. Even allowing that the present movement represents in part the rebuilding of depleted stocks, continued recovery, following the

marketing of enormous crops, will carry the iron trade well past its best record. The steel manufacturers made every effort to prevent speculative buying at the low prices of four months ago. For the most part deliveries were limited to 1909. Already orders for 800,000 tons of rails have been entered for 1910, and it is expected that further large purchases will soon follow. The rail mills have done little better in 1909 than in 1908. Their production in the latter year was about 1,900,000 tons, as against a record of 3,977,000 tons in 1906, and a total of 3,633,000 tons in 1907. The prediction that 1910 will make a new record in rail production is based on the idea that that year must compensate for the restricted purchases of 1908 and 1909.

Cautions are already being sounded, in view of the rapid advance of prices for iron and steel in the past month. Particularly has the pig iron market shown signs of excitement. There is a feeling that if the buying movement covering pig iron deliveries for the first quarter and first half of 1910 goes on at the pace of the last half of September it will be succeeded by a reaction that can only retard healthy recovery. All raw material markets seem to be affected by the high expectations entertained for the coming year. Prices of coke for delivery in 1910 are now nearly double those touched at the low point last year. The expectation of Lake Superior ore shipments in 1909 entertained early in the season was about 35,000,000 tons, as against record shipments in 1907 of 42,245,000 tons. Predictions are now made that this year's shipments will exceed 40,000,000 tons and may come close to the total for 1907. Whereas authorities in the ore trade were quite convinced last year that a period of years would elapse before the demand upon Lake Superior mines would approach that of 1907, they now believe that it will be much exceeded in 1910.

In connection with the lake ore movement it should be noted that Eastern Pennsylvania blast furnaces are now importing iron ore from Cuba, Newfoundland, Sweden and Spain to an extent that makes them almost independent of the Lake Superior supply. Heretofore they have bought from 1,000,000 to 2,500,000 tons of lake ore a year. The present indications are that the low prices at which foreign ores can be delivered, due in part to the reduction in the iron ore duty from forty cents to fifteen cents a ton, will result in imports of fully 2,500,000 tons of iron ore in 1910, whereas in three

years only have importations exceeded 1,000,000 tons, the high record being about 1,300,000 tons.

The iron trade in both Germany and Great Britain has been favorably affected by recent developments in the United States. In Germany complications over the existing iron and steel pools must be reckoned with in any calculations for 1910. There were evidences of a certain amount of dumping of German steel in Great Britain last year, and in semi-finished steel the movement has persisted in 1909. The steel manufacturers of the United States, however, are quite persuaded that there is no profit immediate or ultimate in dumping material on foreign markets. The operations of the United States Steel Products Export Company, which conducts the export trade of the United States Steel Corporation's subsidiaries, have been steadily carried on with a view to making a profit. This company did not increase its exports in 1908 and 1909 because of the lessened demand at home, but rather sent less steel abroad, accepting the foreign situation as it found it. On the next upward movement at home it may be expected to follow the policy of 1906 and 1907, when it vigorously pushed its foreign trade, in contrast with the old time policy of withdrawing from foreign markets when home demand was extraordinary.

THE OUTLOOK FOR PAINT MANUFACTURE

BY G. B. HECKEL,

Secretary, Paint Manufacturers' Association of the United States,
Philadelphia.

The paint manufacturing industry is one of the few important fields of enterprise which still remain comparatively free from the tendency towards combination and consolidation; consequently the distress attendant upon the recent business depression was more widely distributed, but less acute in this than in some other fields.

The paint trade enjoyed a distinct advantage from the fact that while the manufacturing, commercial and financial institutions of the country were seriously embarrassed by loss of confidence and shortage of funds, the rural populace, especially in agricultural communities, were at no time seriously incommoded, one good crop year having succeeded another, so that the "panic" scarcely affected the country districts at all, except sentimentally. This condition, coupled with the extraordinary selling efforts put forth by the trade, maintained the consumption of what are technically known as "shelf-goods" at nearly the average normal volume. In structural, railway, manufacturing and technical lines, the condition was, of course, reversed, consumption falling to the minimum, and the competition for such trade as was offered cutting away all possible margin of profit.

The annual consumption of paints, and varnishes of all kinds in the United States, certainly exceeds \$200,000,000, the three items of white lead, zinc oxide and linseed oil alone amounting to nearly \$40,000,000 of the total. Roughly speaking, this consumption is about equally divided between what may be called house-painting products and technical products (railway and bridge paints, wagon and implement paints, etc.). We may, therefore, estimate pretty closely, that during the two years of depression, paint consumption was reduced by about one-half, the reduction in the first classification being about balanced by the remaining demand in the second.

Such a condition naturally involved some expert financing, a reduction of forces to the minimum and the enforcement of rigid

economy all along the line. That practically the entire industry weathered the storm speaks volumes for the business sagacity and ability of those engaged in it. Recovery has been gradual but persistent. The demand in house-painting goods had reached the normal volume nearly a year ago, and in manufacturing and structural goods there now is almost complete recovery.

The demand in the car-building and railroad department has, however, lagged behind. In fact it is only at this writing that these lines give evidence of recovery. Recovery in this particular industry is significant. According to Dr. C. B. Dudley, Chief Chemist, the Pennsylvania Railroad alone in 1906 consumed annually nearly a million dollars' worth of paints. According to Poor's Manual, the Pennsylvania Railroad operates about one-fifteenth of the railroad equipment of the country, while its mileage is less than one-thirtieth the total. Allowing for the high grade of maintenance characterizing this road, we shall perhaps be conservative in estimating the total railway consumption of the country at \$12,000,000 to \$15,000,000 annually. The addition or subtraction of this consumption naturally means much to those houses that cater to it.

But we have further to consider the fact that during more than two years past, this consumption has been limited on the basis of "rigid economy," and that now not only must the railways add their normal annual equipment, but they must also add the new equipment deferred for two years, besides providing for the repairs and renewals deferred during the same period. We may, therefore, expect that the railways during the coming year will be forced to distribute between \$20,000,000 and \$30,000,000 among paint and varnish manufacturers.

Large construction also has lagged notoriously during and since the fall of 1907, but a vast revival is already apparent in this department. Here, again, we shall find, along with the construction of normal times, an important increment from deferred operations. In this field then we may also anticipate an extraordinary demand during 1910. These are but concrete examples of what is to be anticipated from the entire field of paint consumption.

The paint manufacturing industry as a whole, has advanced rapidly during the past ten years, the temporary set-back of 1907 being but an incident. This is particularly true of the prepared paint industry, including in the term "prepared paint" all those

products in which the materials are prepared practically ready for use by mechanical means, in contradistinction to those products which the consumer must temper and combine for use. During the decade under consideration there has been a general reconstruction of factories along modern lines of mechanical efficiency and operating economy. Wood construction has been widely replaced by concrete or slow-combustion millwork and electrical distribution of power has in many places superseded distribution through shafting and belting.

Side by side with this advance in mechanical efficiency has proceeded an interesting technical development of which the end is not yet in sight. The trained chemist and physical investigator has risen in authority over the old inherited "formula book," or the private "note book" of the shifting factory superintendent. This vital change has been reflected in increased efficiency, both at the buying and the selling end; the raw materials being bought and inspected according to chemical and physical standards and formulas being revised to fit discovered facts of service, rather than the reverse.

Consolidation, as has been remarked, has made but little headway in the paint trade, yet the modern co-operative spirit has made its way here as elsewhere. This spirit is manifested not only in the social, financial and industrial betterment schemes operative in many of the larger plants, but also in the co-operative work maintained in the Bureau of Promotion and Development of the Paint Manufacturers' Association. This bureau not only carries on systematic educational work among paint dealers, but also in its "Scientific Section," maintains a well equipped laboratory for technical experiment and research, the results of which are regularly placed at the disposal of all the members. The bureau furthermore, in co-operation with various technical bodies—the North Dakota Agricultural College, the American Society for Testing Materials, the Geological Survey, the Bureau of Roads, etc.—has erected and maintains wood and steel test fences at various points, to test on a large scale and under known conditions, the action of the various pigments, vehicles and formulas.

To illustrate the significance and importance of this work, let us consider briefly the steel test fences at Atlantic City and Pittsburgh. Some three years since, Dr. Allerton S. Cushman, of the

United States Department of Agriculture, and Dr. Percy H. Walker, one of his colleagues, in investigating the corrosion of steel fence wire and steel highway culverts, became convinced that some commonly used paint materials promote, while others prevent—or, to use Dr. Cushman's lucid term "inhibit," corrosion. Drs. Cushman and Walker communicated their observations to the American Society for Testing Materials and the Department of Agriculture issued a bulletin on the subject.

The Bureau of Proportion and Development, realizing the importance of the matter to the paint trade, then came forward and proposed to erect, under the supervision of the American Society for Testing Materials, a steel plate fence at Atlantic City and a steel wire fence at Pittsburgh, where these conclusions could be given a comprehensive field test. The results thus far seem to justify the conclusion that corrosion in steel structures is ordinarily caused by electrolysis induced by currents set up in the steel itself; that some pigments and vehicles promote such corrosion by acting as electrolytes to conduct the current; and that others inhibit such corrosion by rendering the steel surface "passive" or incapable of electrolytic corrosion. The final confirmation of these apparent facts and their practical application in the industry will mean much, not only to the farmers who use fence wire and the railway and other interests which utilize vast quantities of steel materials, but also to the natural resources of the country—for iron ore is an exhaustible commodity, which, as has been pointed out, when once gone can never be renewed.

The wooden fences referred to are maintained for similar purposes and have already thrown much light upon the causes for the deterioration of paint and the means to be adopted for preventing or deferring it. One very important conclusion already officially promulgated as a result of these tests is the maxim that "a mixture of two or more of the prime white pigments (white lead, oxide of zinc, sublimed white lead, etc.) when used alone or in combination with a small percentage of inert pigments (barytes, silica, silicate of aluminum, silicate of magnesium, etc.) makes a paint far superior to that made from one pigment alone." This is almost a revolutionary dictum, coming from technical men, meaning as it does in plain English, that the prepared paint manufacturers are right and the advocates of so-called "pure paints" wrong in their contentions.

During the past three or more years well-intended but ignorantly devised paint legislation has threatened and harassed the trade. Laws now exist in several states requiring the complete paint formula to appear on the package. Similar laws have been proposed in a number of the remaining states and in Congress, but have thus far been successfully opposed. In some of the Western States also, legislation, modeled on European lines and looking to the prohibition of white lead on the ground of its toxic properties, has been introduced, but that also has been successfully opposed.

As this subject concerns the public and is of vital importance to the paint manufacturing industry, it may not be out of place to devote a paragraph to it here. The ostensible object of such legislation is to guard the paint consuming public against fraud. Its practical result is to check investigation and improvement, to promote the sale of known materials as against unfamiliar ones, and eventually, by exalting the published formula at the expense of the trade-mark and brand, to force consolidation on a reluctant trade. If the formula gave the information it is supposed to give, more might be said of such laws; but every practical paint man knows that the chemical formula is but one factor in the service-value of a paint, and that to publish the formula alone serves merely to mislead the purchaser. The demand for such legislation is but a manifestation of the social awakening that has been evident among us since the dawn of this century—a little eddy of the wave of reform that is sweeping over us. The people are eager to clean house—to “cleanse out the old leaven” to the last trace. Abuses have been discovered in the paint trade, and in the eagerness to correct them, the purifiers have not taken serious thought of the consequences of lopping off a limb to cure a corn.

The same abuses have characterized all commerce, and legislation to correct them should be broad enough to include them all. To effect this a general law requiring a statement of net contents on goods sold ostensibly by weight or measure, and penalizing misstatements on labels or in advertising (such as the British merchandise mark act), would cover the entire range of products.

In conclusion, the paint industry of the country is, at this writing, in a healthy and prosperous condition, with an inspiring outlook in the near future.

TRADE REVIVAL IN THE LUMBER INDUSTRY

BY JNO. E. WILLIAMS,
Editor "Lumber Trade Journal," New Orleans.

To be of public service a discussion of present conditions of the lumber industry must deal primarily with those phases of it least generally or not at all understood. It is a curious fact that the American lumber industry, although ranking fourth in the country, is very largely an object of public misinformation, indifference or ignorance. It rarely happens that wood products are included in the commercial reviews appearing in secular newspapers, and when discussed at all, results are generally misleading and often grotesquely absurd. The reason for this is perhaps not far to find. Lumbering operations are generally remote from the centers of affairs and familiar to those immediately interested only. To the average person, wood is in a manner not unlike water, it seldom excites little conscious heed until missed. Since earliest times this human intimacy with wood has begun in the cradle and ended in the coffin. In the interval it is inseparable from practically all of the domestic economies—houses, barns, furniture, vehicles, walks, railroad equipment, boats and the thousand and one minor articles designed for as many practical and ornamental purposes. As a result timber consumption has been and still is on a scale of inconceivable magnitude.

The white pine forests in the lake region or in the old Northwest for upwards of fifty years have been supplying much of the country lying between them and certain sections of the East. They were at one time regarded as practically inexhaustible, but are to-day largely depleted. In those days, too, this supposed superabundance of timber naturally operated to depreciate commercial values and to restrict development to the largest and choicest trees only. In the meanwhile the rate of consumption has kept pace with the fabulous growth of the country and foreign requirements, until, at the present time, dependence for wood products is upon all the wooded regions of the country, notably, besides the older sections, the southern and Pacific coast states. The larger residue of stand-

ing timber is in the latter, but the South is supplying a larger share of domestic and foreign requirements.

The entire wooded area of the United States has been estimated to be, according to available data, 550,000,000 acres. This, like most other kindred statistical estimates—nothing of the sort has ever been systematically verified—conveys at best a doubtful sense of the reality. An example of a sort was that of an article appearing years ago in a popular magazine on the timber resources of Mississippi. The article was well written and superbly illustrated. In a general way it possessed educational value except in the all important particular of showing the timber at the time standing in the state, which, it was gravely stated, amounted to "18,000,000 feet!" There are scores of mills in the state that cut as much or more every year. Whether the error was typographical or not, the absurdity of the estimate would naturally in either case have excited in the editor or average reader no clearer or more intelligent consciousness than 18,000,000,000 would have done. As a matter of fact, it is doubtful if one of ten citizens could, if suddenly called upon, define the exact meaning of a standard foot of lumber. The nine uninitiated probably do not know that this standard means a piece twelve inches square and one inch thick. Whether applied to sawed products an inch in thickness, or any dimension including the heaviest timbers, this standard unit of measurement is uniformly the basis of all computations.

The woods of commerce in this country embrace principally the pines or other species known as conifers, cypress, in a class of its own, exclusively indigenous to the South, more particularly in the gulf states, and the hardwoods which, speaking untechnically, embrace in great number and variety all of the woods of commerce with deciduous foliage. This classification is anomalous in that some of the so-called hardwoods are softer and lighter than one species of the pines indigenous to the gulf states and known as long-leaf yellow pine, which weighs as much as, and possesses the tensile strength of, even certain of the more sturdy hardwoods. The weight of wood products varies of course according to the texture, general character and condition of any given example. If rough and lately cut green, weights range from 3,500 to 6,000 pounds per thousand feet, or, of course, three and one-half to six pounds per standard foot. If dry and surfaced, or planed or dressed—all

terms signifying the smoothing process—the weight is reduced to say from 2,000 pounds upward, according to the character and dimensions of the material. An average carload of dry lumber amounts to about 20,000 feet. The importation of foreign woods is largely restricted to mahogany and other tropical and costly cabinet species and the coarser grades of Canadian white pine. The laity, so to speak, should find these details useful in connection with lumber statistics and justified, in a prefatory way here, on the ground that the present discussion may to a limited extent serve an educational purpose.

Degree of Recovery from Recent Depression

The money panic of 1907 promptly and sharply undermined the lumber industry and to an extent believed to have been equaled in the case of no other commodity of like or greater importance. The crisis interrupted a period of activity and prosperity unprecedented in the history of the industry. The volume of trade and prices had attained proportions previously unexampled and were on a level with the then inflated state of trade generally. From prices thus without precedent and a demand scarcely less phenomenal, both fell off until producers found themselves seriously embarrassed and perplexed. The situation called for immediate and decided curtailment, but the mill men were slow to adopt either policy. The general belief was that the revulsion would be short lived and operating crews must be cared for. In this the American saw mill contingent is peculiar, for though largely incorporated, its votaries are unfailingly humane. In some quarters the trade kept up a steady and not seriously shrunken volume of business. At first not only building operations underwent a marked falling off, but the railroads whose requirements had previously absorbed from thirty to forty per cent of the entire forest products of the country, abruptly withdrew from the market and until recently kept out of it almost entirely. Other branches of consuming industry, notably furniture and vehicle factories, were affected, and there was general and depressing shrinkage of demand and an even greater per cent of falling off in prices. This outlines, briefly, the situation during 1908 and the first half of 1909. In the meanwhile the farming contingent, for the most part blissfully exempt from the ravages of hard times, continued fairly good customers, and with the revival of

building operations to really unprecedented proportions, the reduction in consumption ceased and the industry was saved from disastrous stagnation. When later, about a few months ago, the railroads began cautiously to place orders for material long needed for neglected repairs and reconstruction, the clouds broke and brightness began to shine through. The factors to-day lacking to restore ante-panic conditions include, most notably, still greater activity in railroad requirements, more conservative production and greater confidence in the future behavior of markets.

Tariff Legislation

The prices of lumber preceding the panic while publicly regarded as abnormally high and in point of fact comparatively higher than at any former period, were not relatively excessive. It is a matter of repeatedly demonstrated fact that during the inflated period a given quantity of any of the leading farm products turned into money would at the same time have bought more lumber than at any previous period. Lumber, as a matter of fact, and largely on account of an abundance of timber has never in this country attained to selling values commensurate with its intrinsic worth. The public has been educated by events to esteem lumber too cheaply; to underrate its supreme importance and to remember its past degraded selling values. Incidentally, however, and apart from comparative and relative considerations, the prices of lumber had been forced upward by previous advances in the value of standing timber equal in many instances to a maximum of 800 per cent; corresponding to the prices of necessary machinery and operating supplies, food stuffs and labor. When the panic came, all of these vital factors counted for nothing and prices of lumber precipitately tumbled to a level, in many cases below the actual cost line.

In spite of these undeniable facts, however, a strong public conviction had falsely been "shed abroad" by agitators that the country was in the clutches of an all powerful, relentless and voracious combination or trust. A populistic senator had declared these things with great particularity and vehemence on the floor of the senate, where he also moved the adoption of a joint resolution instructing the Bureau of Corporations to probe the whole matter and report its findings to the congress. The masses, for the most part ignorant of the facts, took the senator for a man of, at least,

ordinary veracity, and naturally believing what he said, waxed indignant and assumed a militant attitude. Thus it happened that when the special session of congress convened early last spring to revise the tariff, the administration at Washington, the congress and the people at large were alike disposed and determined to make of lumber a special and sacrificial example. When soon thereafter a group of lumbermen eminent for conservatism, honor and intelligence appeared before the house ways and means committee and laid the matter bare, a change of sentiment began that resulted in not putting lumber on the free list as was the original determination, but in merely a reduction of the Dingley schedule for rough lumber of thirty-seven and one-half per cent, or from \$2.00 to \$1.25 a thousand feet. In addition to the outcome of the belligerent campaign above outlined, the Bureau of Corporations found its investigations bootless. The odious trust had eluded discovery, although lumbermen themselves had very generally and unreservedly aided in the investigation. The tariff agitation in this way proved a source of education without which the public would have remained in ignorance of the merits of the questions involved. The incident affords a powerful object lesson. Prior to this agitation nobody had taken any pains to acquaint the public with the facts and the masses, of course, were in a state of irresponsible ignorance of them.

The industry has undoubtedly suffered more from the combined ravages of the reactionary effect of the panic and tariff agitation and uncertainty than any other of the leading industries. The effect of the tariff upon the prices of lumber has never been and is not now tangibly discoverable. Agitators are in the habit of tracing the stimulating effect of the tariff on the prices of lumber and of glibly attributing robbery and wrong to its operation, but nobody in a position to see and know all about it has been or is now able to do either.

International Trade

The export trade of the lumber industry reflects its chief importance. Aside from the importation of tropical cabinet woods, there has been an average of possibly two per cent of the entire consumption of the country imported from Canada and that of a low priced character. This per cent was not materially increased under

the Wilson tariff, which admitted rough lumber free. Perhaps it may be said appropriately in passing that the lumber industry has the same claim as other protected industries, and that if protection is right on general principles, lumber is and should be no exception to the rule. It has become axiomatic in lumber circles that the export trade automatically reflects domestic conditions. Importers on the other side are vigilant and quick to detect changes of market tendencies. If downward the latter are always exaggerated and made to serve as a dead weight. If upward, they are denied or discredited or minimized. Their own markets derive and assume the color and tone from and of conditions on this side. Hence it is not surprising that the export trade of the last two years has been especially unprofitable, although the volume of business has been less markedly shrunken than have average prices. The following tables, taken from the "Lumber Trade Journal," of New Orleans, exhibit the falling off in comparative valuations and average prices of wood exports as stated:

	1908.	1909.
Unmanufactured	\$16,694,908	\$12,580,389
Lumber	36,189,226	29,435,493
Shingles	75,535	61,784
Shoos and cooperage	14,084,291	14,060,712
Doors, sash and blinds	479,266	534,534
Furniture	5,631,325	4,293,904
Miscellaneous	8,366,754	6,900,616
Grand totals	\$81,521,305	\$67,867,432
Decrease in total value, \$13,653,873, or 16.7 per cent.		

EXPRESSED IN STANDARD FEET.

	1908.	1909.
Sawed timber	463,440,000	383,309,000
Boards, deals and plank	1,548,130,000	1,357,822,000
Joist and scantling	27,332,000	22,122,000
Totals	2,038,902,000	1,763,253,000
Decrease, 275,649,000 feet or 13½ per cent.		

COMPARATIVE AVERAGE PRICES.

	1908.	1909.
Boards, deals and plank, per M. feet	\$23.00	\$21.41
Joist and scantling, per M. feet	21.28	17.13
Sawed timber, per M. feet	23.82	21.95
Hewed timber, per cubic foot .....	.27	.284
Staves, per piece .....	.098	.105

The comparative number of staves exported for the two years were respectively 61,696,949 and 52,538,016 pieces, most of which were shipped to France from New Orleans.

The principal importing countries include the United Kingdom, British North America, Belgium, France, Germany, Italy, Netherlands, Central America, Mexico, Cuba, West Indies and Bermuda, South America, Chinese Empire, Hongkong, Japan, British Australasia, Philippines, Asia and Oceanica, Africa. Great Britain is the largest importer. Exports to oriental countries largely come from the Pacific coast.

Co-operative efforts are in progress among gulf coast exporters of yellow pine products to reform and improve existing inspection methods on this side and to install representatives to guard against unjust reclamations on the other, the growing need of which has been impressed upon exporters by experience. The principal Atlantic and gulf outlets include Baltimore, Norfolk, Newport News, Brunswick, Savannah, Jacksonville, Pensacola, Mobile, Gulfport, New Orleans, Port Arthur and Galveston.

General Outlook

This is a branch of the general subject under review involving in a larger measure than the others matters of opinion or conjectural problems. At the present moment the producing capacity inherited from ante-panic stimulation exceeds the power of the country and the ordinary export movement legitimately to absorb. The fact is even now retarding price recovery and must be arrested before otherwise warranted advances can be made effective. The yellow pine industry, which in point of magnitude and importance leads all the rest, is extremely sensitive to market influences and is predisposed to fall upon the slightest provocation. Many habitually conservative, well informed authorities believe, however, that the industry faces another period of extraordinary activity and prosperity.

In this and other branches of industry not free to go into any agreement, other influences are in progress to induce individual producers to voluntarily curtail their outputs until the anticipated revival shall have been consummated. Building operations continue exceptionally active and railroad requirements are expected to undergo a large margin of increase. The crops afford promise of a

heavy farmers' demand, and conditions in contributive classes of trade are believed to be of a character to justify an optimistic outlook.

The residue of standing timber in the country is being exhausted at a rapid rate, the amount destroyed by fire, storms and vermin being estimated at about one-half of the whole amount used in industry. The latter is estimated at about 40,000,000,000 feet annually. One important factor the industry is now facing and must reckon with is the enormous substitution of other materials for uses formerly monopolized by wood, notably steel, iron and cement. The life of woods exposed to the weather is also being increased several fold by artificial preservatives. Upon the whole, the popular propaganda of a rapidly approaching timber famine is very considerably exaggerated and the present generation need not be greatly alarmed.

SOUTH AMERICA—OUR MANUFACTURERS' GREATEST OPPORTUNITY¹

BY HON. JOHN BARRETT,

Director, International Bureau of American Republics, Washington, D. C.

Without wasting any of your time in preliminaries, beyond saying that I am grateful for this opportunity of meeting you, I want to say that in the subject assigned to me there is perhaps a little apparent presumption. I did not intend to give the impression that might be given by this title, that it was the greatest opportunity in the world. I meant the greatest foreign opportunity. Of course I always except the opportunity that there is in our own country, and I think that idea ought to have been conveyed in the title. Also in referring to our greatest foreign opportunity I do not mean to be understood that it is necessarily the greatest field at the present moment, for it is not the market which is consuming the largest portion of our manufactured products at this hour, but it is the one which offers the greatest opportunity of development.

Before I refer specifically to that subject, however, I want to state, as one who has just come from Washington, and who has been watching very closely the discussion upon the tariff bill, that you can imagine how closely the subject comes to me, when hardly an hour has passed during the last two months that some member of the House of Representatives or some senator has not called upon our office for information regarding our trade relations with foreign countries. Inasmuch as nearly half of the foreign countries are comprehended within the jurisdiction of the International Bureau of which I am the head, you can appreciate that there is plenty of work for us to do. Almost every schedule in the great tariff bill that is now under consideration affects, directly or indirectly, each one of these twenty nations to the south of us on the western hemisphere.

There is one thing which I think every manufacturer in this country should consider in the discussion of this tariff bill, and a

¹An address delivered at the annual meeting of the National Association of Manufacturers, and here printed through their courtesy.

thing which I am afraid the majority of our senators and representatives have overlooked. Now I pass no criticism upon any member of the Senate or House of Representatives. The majority of those men are far greater experts on tariff questions than I can ever hope to be, and I do not wish to appear as endeavoring to say anything derogatory of them, or laudatory of myself; but if you will go through all the speeches that have been made so far, and almost all the discussions that have appeared in the newspapers, you will notice that there has been an absolute neglect of the effect the tariff may have upon our export trade. Inasmuch as the tariff regulates imports, the whole of Congress and almost our whole people seem to have forgotten how possibly that tariff bill may be framed in such a way as to injure our export trade. Now when you stop to think that our export trade amounts to more than a billion and a half of dollars a year, and is going on rapidly to the mark of two thousand million dollars, it is of great importance to see that a tariff bill is passed of a kind which will not curtail that export trade, which will not cut it down, but which will build it up. Our country cannot become great as a manufacturing nation, our manufacturers cannot reach the very highest degree of prosperity, unless we consider the export market at the same time that we consider the home market. Of course the home market is the first consideration. There is no argument on my part against that proposition. That is to be conceded; but let us not hold this so near to our eyes that we do not see the export field beyond. When we are putting a duty on anything that comes from a foreign country we are too prone, and it seems to me that in the discussion of this question in Congress they have been too prone, to forget what effect the cutting off of the import trade from that country may have upon our export trade with that country, or what effect it may have upon the manufacturing industries of this country. Now if we are going to become a great exporting country, in competition with Germany, France and Great Britain, we have the absolute necessity before us in framing each schedule of the tariff bill of thinking not only of the question of raising revenue, not only of considering the question of protection, but also of considering whether it is going to hurt our trade with foreign countries, whether it is going to cut off that velvet as it were which comes to the manufacturers of this country from sending abroad nearly two billion dollars' worth of material each year.

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When we stop to think that this means twenty-five dollars per head for every one of our people, men, women and children, then it becomes an issue of the highest consideration to all of us. I do not know how many senators and representatives I have talked with on this point, but it seems as if it had been almost entirely forgotten. If there is any one question that comes up in the discussion of a tariff bill before the German Reichstag or before the Parliament of France or the British House of Commons, it is the question of their export trade. That is always discussed there; but in all the discussions of our House of Representatives, in their long debate, not one speech was made, and not one speech has yet been made in the United States Senate, that has given any consideration to the question of protecting and building up our great export trade. Yet all the time our papers are talking about our export trade. They are talking about improving our consular service, about studying how to pack our manufactured goods for foreign shipments, how to get acquainted with the foreign market, how to study their necessities, and yet we are forgetting, or giving very little consideration to, the effect of the pending tariff bill upon our export trade. As I have said, I am not criticising, but simply throwing out the suggestion that the manufacturers of this country should watch the tariff bill, to see whether in the changes of the various schedules there may not be involved the diminishing or absolute cutting off of our trade with certain countries in a way that will bring far more damage, a far greater decrease of revenue to this country, and by revenue I mean the good that comes to all our citizens, than could possibly come under existing conditions. It is of the highest importance that when we are protecting ourselves possibly against another country we should at the same time make sure that we are protecting our export trade to that country and not cutting it off.

Now this comes home to me because it is my privilege to be in the closest touch with every one of these twenty governments south of us. I am in close touch with their foreign offices, with their representative statesmen, and I am watching the great newspapers from Mexico City and Cuba south to Buenos Aires, representing, mind you, a population of 70,000,000 of consuming people, people who should become buyers of our manufactured products; and I find this one thought running through their editorials, running through the speeches of their men in their different congresses that

the United States in framing its tariff bills is always thinking rather of the one question of protection and the one question of revenue, and not how possibly they may hold out the right hand of fellowship to these sister republics and help them to build up their commerce with our country, so that they can buy more from us. That is what we all desire, and, Mr. President, I think one of the strongest arguments in favor of a tariff commission is that such a commission will study carefully the interworkings, the shuttling of trade relations, so that while framing that tariff bill they will frame one that will not only be just to our own institutions, to our own manufacturers, but also just to foreign countries at the same time.

The International Bureau of American Republics, if you remember, was organized about twenty years ago under the splendid leadership and direction of one of the great master minds of our country, James G. Blaine. It was he who first conceived in its fullest strength the necessity of our getting into closer relations with our sister nations. The International Bureau of American Republics was organized to provide information to the people of the United States about Latin-America, and in return to provide information to Latin-America about the United States. The institution had a dignified and honorable existence, but did not accomplish the great work that it was intended for until in a later day another great statesman, Elihu Root, conceived the necessity of getting into closer touch with those countries; and under his help and with the co-operation of all these countries the International Bureau has been reorganized, and now I say, without any reference to my being at the head of it, that it is becoming a world-recognized institution, and I will tell you why. When, two years ago, it was my privilege to take charge of that bureau, the correspondence amounted to not over six hundred letters a month. In the month of April just past the correspondence of the International Bureau of American Republics was greater than that of the State Department at Washington. In addition to our other work we exchanged in April with the rest of the world over four thousand letters. Every State in the Union had correspondence with us, as did every nation upon the western hemisphere, and the majority of the European countries. It is with great pleasure that I state that upon the private tables of a majority of the monarchs of Europe are to be found the Bulletins of the International Bureau of American Republics, and the word

has come to us from nearly every foreign office of Europe that our publications are desired by them as showing what the United States is doing in the development of closer relations with Latin-America.

Our circulation is limited, because we are dependent upon the appropriations of governments; we have no income from advertisements, and we are to-day in the position of not being able to supply twenty-five per cent of the demand for that publication, simply because we have not sufficient copies. We shall have to go before Congress at its next session and ask for an increased appropriation. When I took charge of the bureau two years ago only ten per cent of the members of Congress made any use of the International Bureau. I think last year ninety-seven per cent of the members of the United States Senate and House of Representatives called upon the bureau more than two times, and some of them a score of times, for information and for assistance in securing data that would be a help to them.

Another thing: Whereas two years ago it was comparatively rare that an American manufacturer called upon us for information and data, now there is not a day when we do not receive inquiries from a score of manufacturers and business men in all parts of this country and of the world, asking for information about these sister republics, and what are the opportunities for the development of trade and commerce down there.

Now, my friends, the other day I opened the newspaper "La Prensa," of Buenos Aires, Argentina, which is, with the exception of the "Jornal Do Comercio" of Rio de Janeiro, the greatest newspaper of South America. You have heard of it. It has the finest newspaper plant in all the world. There is no newspaper building in New York or in any city in the United States or in Europe that is equipped so magnificently, so perfectly, in the building and its appurtenances as is the newspaper "La Presna" of Buenos Aires. It has an enormous circulation and a mighty influence. The leading editorial in that paper was to this effect: "Will the United States be selfish, or will it be generous in framing the present tariff bill? Will it frame that bill so that Argentina can sell more of her products in the United States, and in return Argentina can purchase more of the manufactured products of the United States?" Now that is something for us to stop and think of. Argentina has only six million people, and yet last year Argentina bought and sold

more than Japan with her fifty millions of people, or China with her three hundred millions of people. The trade of Argentina last year amounted to nearly \$600,000,000, divided almost equally between imports and exports. And yet when you look over the list of the imports of Argentina, you will find that Great Britain sold to her twice as much as we did, and Germany led us by a good big figure, and yet we sold to Argentina \$35,000,000 worth of our manufactured products. We purchase from her only about thirteen to fifteen millions, and she says: "Give us a chance to sell more to you so that we may not be under the necessity of possibly discriminating against you and buying more from the European countries. Give us a greater market for our natural products, so that we can purchase more from you."

Now here is a cardinal point which every manufacturer understands better than I do: When you ship out of the United States a manufactured product that has required the use of capital, the use of labor, the use of a manufacturing plant and all that it involves, you bring far greater wealth back into the country than when you export a simple natural product, an agricultural product. The more highly manufactured anything is, the more innumerable the processes of manufacture, the greater the wealth that is returned. Now do you stop to think that there is no portion of the world which buys out of the total export of the United States a greater proportion, in ratio to population, of our manufactured products than do the Latin-American republics? The most interesting point about our trade with Latin-America is that those people buy all these manufactured things that embody labor, embody capital, embody great plants, embody great investments, and therefore bring the chief return to us. Our great natural products which bring us the least profit go to Europe in larger quantities. South America will always be a wonderful field for the development and sale of our manufactured products, and that is why I call it to your attention as perhaps our greatest foreign opportunity. Down there they lack the capital, they lack the labor, they lack the fuel which are necessary before they can become great manufacturing countries. There is not a country from Mexico and Cuba south to Argentina and Chile that has sufficient labor. There is not a country down there that has one-fortieth of the capital it needs for the development of its industries. There is not a single country down there that has a

great fuel supply like the United States either of coal or oil, and you know what that means.

In Europe they have any amount of labor; in Europe they have any amount of capital, and in various portions of Europe they have any amount of fuel. In the Orient, in Japan they have labor to burn, so to speak; they have capital, they have fuel. Look at the enormous supply of labor in China. She lacks capital, but she will get it presently, very likely from the European world. She has great coal fields and possibly oil fields. But to the south of us is a mighty country, covering an area of nearly 12,000,000 square miles, three times the area of the United States, having a population of 70,000,000, twenty independent nations whose forms of government are based upon our own, clamoring for our manufactured products if we will only sell them to them under favorable conditions in competition with Europe, if we will show them the consideration in return that Europe is showing them.

Now it is all poppycock talk about the prejudice of Latin-America against the United States. The Latin-American merchant will buy from the United States manufacturer just as quickly as he will buy from the manufacturer of Spain or France, or Germany or Italy, provided you show him a price so that he can buy from you. The only way that sentiment will come in is that if they feel that we are discriminating against them, that we are passing a tariff bill which does not consider their interests, there is danger that their congresses will put an extra tax on such products as are manufactured in the United States, or will frame their schedules in such language that Germany, France, Spain, Italy and Belgium and other countries will have the advantage over us.

Now I consider the interests of the manufacturers. I have always tried to be their friend. That has been my ambition wherever I have been a diplomatic officer during the last fifteen years in different parts of the world. I believe the noblest ambition that any minister who goes out from our country can have is to be a commercial agent of the great manufacturers of our country. I do not believe in this idea that ministers should go abroad just for the purpose of attending social functions, just to entertain. I have no sympathy with that ambassador or minister who writes back and says that the commercial work is entirely in the hands of the consuls, that he knows nothing about it. I have seen the ambas-

sadors and ministers of Germany, France and England acting as the commercial agents of their countries over here, and I want to see every ambassador and minister who goes abroad, even if he goes to a capital where plush pants and knee breeches are the order of the day, I want him to be ready if necessary to put on his overalls in order to find out what a market there is abroad for the manufacturers of the United States. Perhaps the proudest recollection I have of the four or five different posts where I have been minister is that at one time a certain under-official, I will not mention his name, in our State Department a number of years ago mildly censured me because he said I was trespassing upon the duties of the consul, that it would be better if I sent fewer reports in regard to commercial opportunities for our manufacturers. Now of course I had to expect that criticism, but I want you to know that I was proud to receive it. I think that is the only censure I ever received in my diplomatic experience in different parts of the world, and if I should ever be in a position to invite it again, I should be very proud of it. But what I am getting at is this, that the competition to-day is becoming so keen on the part of Europe that we have to realize all these things, and I see it all over South America, all over Latin-America to-day as never before. I can see from the papers that come up from there, I can see from the letters that we are getting, I can see from the stories that the Latin-American ministers themselves are telling me, that there never was a time before when the exporters of Germany, the exporters and manufacturers of France and Belgium and Holland and Spain and Italy and Austria were working as they are now to get such a foothold down there among those countries that we cannot supplant them.

Now please understand me. I do not say this in criticism of Europe. I rather say it to the credit of those countries. I admire the exporters and manufacturers of those countries for doing it. I admire those European governments for backing them up. I admire the European governments because they back up their ministers and their consuls in their efforts to get a fair share of the trade of that part of the world. Now what I want to see is a great public sentiment in this country that will stand back of our government, that will stand back of our manufacturers, so that we shall go into this field realizing that it is worth the effort that we must

put forth in competition with these other countries in order to obtain control of that market. Why, think of it! You say, "Oh, they are dago countries, they are lands of revolution." Now, gentlemen, I for one get out of patience with that suggestion. Just stop and think that three-fourths of the great continent of South America (I am not speaking of all Latin-America, which comprises everything from the Rio Grande and Cuba south to the Straits of Magellan), two-thirds of South America, by which I mean everything south of Panama, has known absolutely no revolution of any kind, shape or form for over fifteen years. Two-thirds of the total population of South America has been absolutely free from revolutionary trouble, and only the other day one of the great financial papers of Berlin called attention to the fact that German investments in South America to-day were returning an average of from two to five per cent more than German investments in the United States, and that they were considered now almost as safe.

Great Britain has three hundred million pounds sterling or one billion five hundred million dollars worth of money invested in Argentina. I do not think there are more than \$20,000,000 or perhaps not more than \$15,000,000 of United States capital invested in that part of the world. When I say that, I do not mean to be thought a fault finder, because I realize that the necessities of our marvelous development and expansion and the building up of our manufacturing plants have absorbed our surplus capital, but I just mention it for the purpose of letting you know that the field is a great one and worthy of study.

A great financial journal of London has made the announcement that after careful study of the field it was convinced that the next twenty years would see two billion dollars invested in South America for the development of its mighty resources. Let us stop and remember that all South America is almost where the United States was seventy years ago in its material development, with a greater population in proportion to area than the United States then had. Think what has come to this country in the last seventy years, and then stop and think what is coming in South America. She has the advantage of the experimenting of all the rest of the world. Where would the United States be to-day if we had known seventy years ago what we know now about material development? South America is profiting by every experiment that the world has

made, and as that country is exploited, as it advances along those lines, it is going to become still more a land of opportunity.

I wish I had time this afternoon to go into the details of this market, but I have not. I am only urging you, in the discussion of greater and more important questions, not to forget entirely this market to the south of us.

Now there are just four things upon which our development of trade with that part of the world depends. I have mentioned one of them: First, right now, is this tariff bill pending in Washington. I have discussed that sufficiently, and have referred to the question of a tariff commission.

The second is the improvement of our shipping facilities. Now I am not going to utter a single word about the so-called ship-subsidy. I am just going to present it in this light: Where would the great cities of our country be, where would our vast commerce in our own country be, if we did not have fast mail, fast express and fast passenger trains? Where would New York, Chicago, St. Louis and San Francisco be if they were dependent upon freight trains alone to carry the mails and carry passengers and carry fast express? The situation with all Latin-America to-day is that we have practically only a freight service on the lines of the seas between here and South America. In other words, we have practically only freight vessels. Now if we are going to find cargoes to fill those vessels, we must have another class of vessels that will carry the letters back and forth between the manufacturers of this country and the importers of that part of the world, that will bring their buyers up here and take our sellers down there, and that will enable us to dispatch our manufactured products down there quickly when they want them dispatched quickly. You have heard me say before that when I was your minister to Argentina I saw more heads of firms in Buenos Aires—a city with a population of 1,200,000, and growing faster than any city in this country except New York and Chicago—I saw more heads of great firms sail from Buenos Aires in one week upon the fast, commodious and beautiful vessels of the European lines, to buy goods in Europe, than came to the United States in a whole year upon the kind of steamers that come to this land. When I asked them the reason they said: "If you will put the same kind of ships on the line from Buenos Aires up to New York, we will go there." In Rio Janeiro more

merchants went over to France and England on one steamer than came to the United States in seven months upon the vessels running from Rio Janeiro to the United States. Time and time again the head of a great firm in Buenos Aires would walk into my office and lay before me a correspondence with a manufacturer in Germany and a correspondence with a manufacturer in the United States. His letter had gone to Germany and the answer was half way back to Buenos Aires before the letter to the American manufacturer had reached its destination. You have to carry the mails quickly between New York and Buenos Aires and Montevideo and Rio Janeiro, just as you must carry them quickly between New York and Chicago. Now you may call it a subvention, you may call it a subsidy. I do not care what you call it. We must have it if we are going to stand the competition with these other countries.

I want to go just as far to say that I would pay money to a steamship company flying a foreign flag, if we can only have the service; and I want to say right here that it is splendidly to the credit of one European company that it has just placed on the line from New York south to Buenos Aires a magnificent new vessel of 12,500 tons, that has passenger accommodations which the most luxurious manufacturer in this country could desire. In other words, ships belonging to England are coming right over here under our own noses and teaching us how to build up trade with South America. I say shame on us, when we tamely allow foreign countries to take the hazard of providing the conditions necessary to build up our trade, and are not willing to do anything for ourselves.

The third condition is this, the establishment of better banking relations. I think I can say with confidence that we are on the verge of getting that great change. For over two years I have been laboring uphill and downhill with the great bankers and financiers of this city and this country to have them establish here in New York City a great Latin-American or Pan-American bank, with branches in Rio Janeiro, in Montevideo, in Buenos Aires, in Santiago, in Lima, in Bogota, in Quito and other places, and I believe that within another year you will see this great change come about. When you tell me it cannot succeed, I say how is it then that the great banking interests of Great Britain, Germany and France have

succeeded all over that part of the world. Hardly a week passes that some manufacturer, some business man, does not write to me saying: "Is there an American bank in this or that city through whom we can operate for the establishment of an agency and find out what are the trade conditions in that part of the world?" You have got to have banks controlled by American capital, and having the interests of our country at stake to build up our trade, just as much as you must have banks in every city and town of importance in this country. It is a plain A B C question.

Now I might go on and call your attention to other points, but I simply want to say this in conclusion, that the International Bureau of American Republics is proud of the interest that the National Association of Manufacturers has taken in it. More than once I think you have passed some kind of a resolution approving of its labors. We want to be of use to you. We want you to be of use to us. I want to see you solve these other great problems of labor and of industrial education. Let me say on that point that only the other day one of the great South American countries through its interior department sent me a long cablegram asking me to send them all the data I could about industrial education in the United States. And with your permission, Mr. President, I am going to send a copy of this report, and I shall be glad to forward anything further that may come from you along that line. South America is awakening to the necessity of industrial education, and to all these questions that you are discussing. I want you to remember that the International Bureau of American Republics is not an ornamental institution any longer. It is a useful institution. It wants to co-operate with you and it wants your support.

THE YELLOW PINE SITUATION¹

By C. D. JOHNSON,
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It must be evident to everyone here who has kept pace with affairs, even if only casually, that this broad and wealthy land of ours has never seen a year of greater material prosperity than the present one. Abundance and wealth are to be found everywhere. Essentially an agricultural country, the basis of its prosperity is, and doubtless always will be, the products of its soil. Recent reports issued by the government show that this year's increase in the combined yield of the five leading cereals, viz., corn, wheat, oats, barley and rye, amounts to approximately 540,000,000 bushels over last year. The yield per acre and the quality of the crops are better in all cereal growing states than they have been for several years, and everywhere do they exceed the ten-year average.

But prosperity is noticeable also in other directions—the healthy condition of the iron and steel industry, for instance, which in volume of business and earnings bids well to equal, if not eclipse, 1907, the best year in its history; and of the railroads as evidenced by their heavy expenditures month after month for maintenance, structures and equipment—expenditures far in excess of those made in the last several years. The reports of railroad earnings are highly satisfactory, and in the daily press now one can read nearly every day of large orders being placed for rails, engines and cars. Factories, foundries and mills everywhere, hitherto running indifferently, have resumed normal operations as a direct or indirect result of the country's abundance. Finances are in a good way and money is exceedingly cheap and plentiful. The tendency to harass large corporations with adverse legislation seems to have passed, and there are no momentous political questions to disturb the present satisfactory pose of business; the tariff is settled and out of the way and will remain out of the way for the next ten or twelve years; everybody seems to be satisfied with the sched-

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ules adopted and by this time the subject has almost ceased to be a topic of current discussion.

Average Business But Unsatisfactory Price

Under conditions so prosperous there is bound to be an average amount of business transacted in the United States, and naturally, there must be at least an average amount of lumber used. But what do we find? Instead of marketing our product with the ease warranted by the prevailing normal and healthy condition of business and at a price that will net us a fair return on our investments, we are now and for the last two years have been, selling the products of our forests at an appallingly demoralized price—a price wholly unprofitable. There are, of course, reasons for this. But it does seem strange that a business the size of ours, ranking as it does, fourth among the industries of the country, it does seem strange that it alone, amid all this general prosperity, should continue in its demoralization and with such scant hope of improvement. There are only two other industries that occupy about the same unenviable position, namely, the coal mining and cement industries, and it is interesting to note that in each case the same basic principle is involved.

Each succeeding year brings an increase in the crops of the country and each succeeding year brings also an increase in prices for farm products. At no time in the business history of the country has the farmer received more for his crops and his live stock than he is receiving to-day. His wealth and the purchasing power of his products have multiplied amazingly in the last ten or fifteen years. The following story which I saw in a western newspaper recently, strikingly illustrates this fact: A farmer bought a wagon in 1894 for \$60.00. Recently he needed a new wagon and went to the same dealer, who priced him the same kind of a wagon at \$70.00. The farmer objected to the extra \$10.00 and demanded a reason. The merchant reflected a moment and then said he would sell him on the same terms as the first one. "You paid for the one you bought in '94 in corn, and if I remember correctly, you brought me 600 bushels of corn at ten cents a bushel. Now, you bring me 600 bushels of corn." "Well, say, hold on," began the farmer. "But," interrupted the dealer, "your wife can select a \$125.00 surrey; you can have the best self-binder in the store,

worth \$125.00, then you can have an \$80.00 kitchen range and \$20.00 worth of kitchen furniture, all for 600 bushels of corn. The wagon at \$70.00 and the other items foot up to \$420.00. Six hundred bushels of corn at seventy cents a bushel amount to \$420.00." The farmer was stunned, and without saying another word about monopolies or the tariff, counted out \$70.00 for the wagon. The value of the farmer's corn increased seven-fold in fifteen years, but how has the lumberman's product fared in the same period, and why?

Fundamental Law of Trade Involved

I think we all know and understand the one and the only cause for the impotent condition of our business, a cause so essential that it is of itself sufficient. In a word, the difficulty involves directly the fundamental law of trade—the law of supply and demand as applied to the lumber industry. There is, and has for several years been, an over-production, and lumbermen have not yet learned to fit their output to the demands and needs of the country. The manufacturers in the South fixed their capacity under the extremely prosperous conditions that prevailed two or three years ago—conditions that in all probability we cannot expect again in this country for a long time to come.

Good times have come, but the present prosperity is normal. I use the word "normal" in a comparative sense, having in mind the almost unnaturally flourishing conditions a few years since. It will be some time before users of material, purchasers of equipment, constructors of railroads, and builders of various kinds of enterprises will expand their business to the extent they did in the years 1905, 1906 and 1907. There is everywhere a greater conservatism in business to-day, a tendency to stay closer to shore. The financial upheaval of the latter part of 1907 has made the general business public apprehensive and afraid of owing too much money. The consumption of lumber is directly affected after such conditions. The country's wealth increases; economic conditions are stable; business generally is good; the demand for lumber in conformity with all of these, is average, no more nor less than it can reasonably be expected to be, while the production of lumber, fixed at a time of extraordinary demand, continues at the same enormous rate. In other words, the manufacturer right now is

capable of making more lumber than the country can use, and he is making it.

The extent to which the consumption of lumber has been affected in recent years by revolutionary methods of building has not, I think, been given the serious consideration it deserves, in fact, it seems to me that manufacturers of lumber have never looked upon the subject as one of any particular importance. In connection with the question of production, however, it is becoming a factor of such significance that it cannot much longer be overlooked. The tendency in all branches of construction and in most lines of manufacture is to find substitutes for wood. Concrete and steel are coming more and more into use every year, taking the place, wholly or in part, that which has heretofore called for lumber.

Substitutes for Lumber

Nearly all modern freight cars are being built with steel under frames, gondolas and coal cars being made entirely of steel. The new passenger equipment now being built for many of our largest railways is entirely of steel construction. Bridges heretofore built entirely of timbers are now being made of concrete, and depot platforms are being constructed of gravel or concrete. The largest street car plant in the country, located in St. Louis, has recently begun building street cars of steel construction throughout, except the floors, which are concrete. A large box manufacturer recently made the statement that boxes made of wood pulp are eliminating the use of six million feet of lumber every year in the city of Chicago alone.

Five or six years ago large buildings of the slow combustion type called for from one to five million feet of timbers and factory flooring each. All such structures are now being built of reinforced concrete. Treated pine pole ties and ties made of inferior species of various woods are being used to such an extent by the railroads in recent years that the use of sawn pine ties is decreasing at a surprising rate. While not, in fact, a substitute, the use of such treated ties has the same effect as a substitute, considering that most of the inferior woods of which these ties are made had little or no commercial value until so used.

It is only natural that when the demand for such material ceases, the mills that formerly catered to that class of trade will

turn their attention to the manufacture of yard stock. The advent of the steel freight car dispenses with the use of car sills, and the sills made hereafter will be used only in repairing old cars. There is no way of arriving at the actual amount of lumber that these various substitutes are replacing, but it must surely run into the hundreds of millions of feet per annum. I do not mean to convey by this that I think less lumber will be consumed hereafter; on the contrary, I think the country will use as much as it ever has, but there can be no doubt that the per capita consumption on account of these substitutes will be less. However, the point I wish to make is this: When the customary uses for a commercial wood of any species or for lumber of any kind fall off or cease altogether, the manufacturer of that kind of lumber will naturally be compelled to divert his product into other channels—another tendency to overproduction. During these times of revolutionary building methods, and while the production of yard stock is thus constantly increasing, it is going to be necessary for us all to go a little easy so as to allow the general output of lumber to fit and adjust itself to the requirements and demands of the country as we now find them.

Overproduction the Problem

But no matter what the reasons, we find that overproduction exists as the one condition with which we must cope if we expect to ever attain prosperity in our business. We cannot look for a remedy in the demand, for the reason that it will be many years until the country will have grown to the point where it can consume under normal conditions the amount of lumber that the mills in the South are capable of producing to-day. I firmly believe that if the manufacturers would operate their plants to their fullest capacity for eight months, they could produce as much lumber in that time as the country would use in a year. It is, therefore, clearly to the best interests of the entire industry if each and every manufacturer will, for himself and in his own way, reduce his output to conform to the demand. For the past two years the average price of lumber has hovered around \$12.00 per thousand. Let us take, for example, a manufacturer producing 20,000,000 feet a year and consider his interests under a policy of curtailment should he consider the advisability of making less lumber. At the prevailing price of \$12.00 during the past two

years, he would receive for his annual cut of 20,000,000 feet, \$240,000.00. Let us say that this manufacturer decides to make 30 per cent less lumber, or 14,000,000 feet instead of 20,000,000. Under a curtailment to that extent, if generally applied throughout the lumber producing territory, lumber would, without difficulty, bring an average price of \$17.00 per thousand. At \$17.00, then, this manufacturer would receive just as much money for his 14,000,000 feet (\$240,000.00), as 20,000,000 feet would have netted him at \$12.00. Besides, he has 6,000,000 feet more standing timber left in his forests than he would otherwise have had.

Comparison of Costs

Against this, some one will, no doubt, advance the argument that under curtailment it costs more per thousand feet to produce lumber, for the reason that the fixed charges remain practically the same as when running full time. That is true. But let us see how it works out in the operations of the manufacture we have taken as an illustration. With an output of 20,000,000 feet per annum let us say that the cost of labor in the production of this lumber amounts to \$6.00 per thousand, and we will grant that labor will cost him \$7.00 per thousand while making only 14,000,000 feet. But, it must be remembered, he is making 6,000,000 feet less lumber, which at the cost of \$6.00 per thousand for labor, saves him on his pay rolls \$36,000.00 by the end of the year. Now, then, since the cost of his labor while producing only 14,000,000 feet has increased \$1.00 per thousand, he loses on that account \$14,000.00 on his year's cut; but even so, this loss being offset by the \$36,000.00 which he saved on his pay rolls by reason of having made 6,000,000 feet less lumber, still leaves him \$22,000.00 ahead; that is, he has saved himself the outlay of that much money on labor. Besides he has standing in his forests the 6,000,000 feet of timber that he has saved. This, at \$4.00 per thousand—which it would cost to replace it—would amount to \$24,000.00. Thus, it can be seen that the total saving—on labor \$22,000.00 and on timber \$24,000.00—would be \$46,000.00 on his year's operations. But the point is this: He has received just as much money, gross, for the 14,000,000 feet as 20,000,000 feet would have brought him, and, besides, he has done a profitable business.

Instead of cramming every log through the saws that he pos-

sibly could, he has taken his time and made the most of his raw material, using the logs in the tree tops and the defective timber which, at the price of \$12.00, he could possibly not afford to bring in from the woods. One of the greatest public concerns of the day, local and national, is the conservation of the forests. With as many saw mills in operation as there are, there can possibly be no better way of conserving the forests than to use every tree and every log of merchantable size in them; that is, to utilize all of the timber and not waste any of it. But it is impossible to conceive how our forests can be conserved if the production of lumber is so great and the market, as a result, so unprofitable that nothing but the choicest timber can be used and the balance left to waste.

HOSIERY MANUFACTURE IN THE UNITED STATES

BY C. B. CARTER,

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In discussing the present conditions confronting the hosiery manufacturers of America, it will prove of value first to ascertain the growth and extent of the industry. The manufacture of hosiery in the United States is a comparatively new industry, although foreign machinery was introduced many years ago, by which a few pioneers were enabled to conduct a very profitable business in certain classes of hosiery that were not imported from abroad, and which by its peculiar manufacture, appealed particularly to the American trade. The invention of knitting machinery by American interests naturally caused an increased number of persons to engage in the business. During the past ten years especially, the increased manufacture of knitting machinery and the production of American made hosiery have made very rapid strides. To-day there are 600 hosiery manufacturers in the United States, representing a capital of \$70,000,000; employing nearly 100,000 persons and are doing in the aggregate an annual business of \$80,000,000.

Naturally the large number of persons who embarked in the hosiery manufacturing business brought about competitive conditions, which have reduced the margins of profit to a very staple basis, particularly on the class of goods manufactured only in America, and which do not come into competition with foreign made goods. To avoid this excessive competition, American knitters have gradually built or imported new and improved machinery, making a different class of goods from that which had been previously produced in this country and which were quite similar to the goods imported from abroad.

The marked difference in wages paid by American manufacturers in comparison with those paid by foreign producers neces-

sitated tariff protection; but during some periods it was not sufficient to afford adequate protection. The American knitters, previous to the adoption of the Dingley bill, were very much handicapped in this direction, but during practically the entire life of that bill they prospered until the adoption and promulgation of the German-American agreement, which went in force July 1, 1907. The direct and indirect effects of that agreement resulted in the enforced curtailment and idleness of at least fifty per cent of the capital and labor represented by the manufacturers making competitive goods with foreign manufacturers. While not fifty per cent of the United States consumption was imported, nevertheless the granting to German manufacturers of the privilege to export goods to the United States under-valued, demoralized conditions in America.

The American manufacturers soon realized their inability to compete with Germany under such adverse conditions, and steps were promptly taken, either to secure the annulment of the agreement, or else to work for such revision of tariff as might make that or any other agreement null and void. Pending the adjustment of these questions, which embraced practically two years, during which time the recent panic developed, the American hosiery manufacturing business was in a very unprofitable and demoralized condition. American manufacturers could not possibly retain their help on the wage scale prevailing and maintain their organization in competition with foreign manufacturers. This resulted in the closing of many mills and decreased production in practically all others.

In considering the necessity for higher tariff protection than that afforded by the Dingley bill, it must be realized that labor constitutes a very large proportion of the hosiery manufacturers' cost of production, both in the type of the goods, peculiar to the American production—seamless hosiery—as well as in that kind hitherto exclusively imported from abroad, and which has only recently been produced to any extent in America—full fashioned or shaped. Both classes are made upon knitting machines, but under different conditions and requiring different machinery. The seamless goods are known as cheap stockings, while the latter are more expensive. In estimating the German wages at about thirty per cent of American wages all official and unofficial reports

available, as well as a large quantity of confidential figures from a number of responsible and reliable sources have been considered. A fair comparison will show the average weekly wages paid in the German hosiery mills to be somewhat less than thirty per cent of wages paid in American hosiery mills.

It is impossible to go further into detail and compare prices paid for piecework, as the different operations in the mill are divided up and grouped together differently in Germany from this country, making a flat comparison of rates practically impossible. A large percentage of German hosiery exported to this country is the product of the so-called "cottage industry" in the villages around Chemnitz. In the "cottage industry" the manufacturer leases machines to individual operators, who work them in their homes and who are often assisted by each member of the family. The wages paid under this arrangement are incredibly low, even for Germany. There are no restrictions as to hours of labor and age of the workers. In figuring the comparative costs of production, however, the "cottage industry" feature of German hosiery manufacturing has not been taken into consideration, but the calculation has been based on the average wages paid in the factories in the Chemnitz district.

When the tariff of 1897 went into operation the hosiery industry was suffering from the baneful effects of the Wilson tariff bill. Wages were low and each and every item entering the cost of manufacturing cotton hosiery was cheap. The rates given in the tariff of 1897, notwithstanding the low wages and cheap materials, barely afforded sufficient protection to the wage earners as against the cheap labor of Germany, the principal nation engaged in the exportation of cotton hosiery.

With the constantly increasing cost of living during the past ten years in this country, labor has demanded and has received material increases in wages, so that to-day wages paid the operatives in cotton hosiery mills are fully twenty-five per cent higher than eleven years ago.

This increase in wages paid the work people, coupled with large increases in the price of materials necessary to manufacture cotton hosiery and to put it into marketable condition, has placed American hosiery manufacturers in a serious position, making it impossible for them to continue the operation of their plants under

the conditions of the Dingley act. Under it they were confronted with this proposition: Either they must receive more protection, measuring fully the differential between the cost of manufacturing abroad and the cost of manufacturing in this country, or else they must reduce wages, which are none too high when the cost of living is taken fully into consideration.

A careful census of the hosiery mills of this country showed the desperate condition of this craft; almost without exception, a week not exceeding four days prevailed, and in many cases three days a week was the true state of affairs. The serious necessities of the industry were due entirely to the low cost of labor and materials in Germany, the keenest competitor for American cotton-hosiery trade.

During the eleven years of the tariff of 1897 we find after a careful investigation that the weekly wage of the German hosiery operatives for the same class of work was in reality lowered, and that to-day they are receiving less remuneration for making fine qualities in hosiery than they did eleven years ago on the coarsest numbers.

Last summer the German manufacturers forced a strike, and after a lockout of some four weeks the work people succumbed and accepted a reduction aggregating about twenty-five per cent of the wages they had been receiving, and the result is the German manufacturers are on a lower basis of cost than ever before, thus enabling them to sell goods to this country at prices in marks and pfennigs thirty-three and one-third per cent cheaper than the lowest price quoted in the past for the same article.

There has always been more or less undervaluation, notwithstanding the best efforts of the local appraisers to prevent them, but to-day the German manufacturers, through a system of averaging their selling prices, have brought it to apparent perfection. It is a well-known fact, which every buyer who visits Chemnitz will admit if he is so disposed, that German manufacturers freely and unblushingly have offered certain quantities of merchandise worth \$1.25 at \$1.00, thus paying a duty of fifteen per cent ad valorem and fifty cents per dozen pairs specific, the duty under the Dingley tariff, whereas if sold at their real value they would pay a duty of fifteen per cent ad valorem and sixty cents per dozen pairs specific; provided certain other quantities of better goods are pur-

chased at \$1.50 and \$2.00 per dozen, the German manufacturer making sufficient profit on the quantities sold at \$1.50 and \$2.00, respectively, to average him a satisfactory profit on the whole purchase. If asked for a price on each article separately he declines, saying that he is forced to sell all in conjunction in order properly to distribute the business on the various classes of machinery he is operating; thus keeping the proper balance in his plant—certainly an ingenious explanation, to say the least. Through this operation it has been almost impossible for the local appraisers to establish and levy the duty on the actual market value, the value being so adroitly suppressed.

It is a well-known fact, common knowledge amongst reputable and honorable importers of hosiery, that many German manufacturers felt that evasion of American tariff laws was justified by the fact that it is no offense against German laws to offer unscrupulous importers merchandise the actual market value of which is \$1.15 on the following basis: \$1.00 to be paid by invoice and fifteen cents in cash, through the buyer's German agent. By this process the dishonest American buyer has an advantage over the honest importer of ten cents per dozen in the duty; the American wage-earner receives less protection than Congress intended he should have.

Much study has been given to the evasion of the tariff laws, and the only effective method to remedy it is to arrange the schedules so that the cost of cotton hosiery, duties paid and landed, in this country will be such as to make such practices uninteresting.

The cotton-hosiery industry of this country is in the hands of some five hundred separate and distinct manufacturers located in some thirty states. It is thoroughly competitive. No trusts in the craft exist and a gentleman's agreement, so called, is unknown. Competition in the hosiery industry is keen and the margins of profit small. On account of the great number of manufacturers the competition amongst them for the best help is sharp. Wages are high, and the operatives will compare with any in intelligence. The cost of equipment of an American hosiery mill is double that of a German hosiery mill.

Heretofore attention has been paid only to the low cost of manufacturing cotton hosiery in Germany, which has been the principal exporting nation of this commodity. Attention, however, should be called to the conditions of cotton hosiery manufacturing

in Japan. Within the past five years the Japanese have been rapidly erecting hosiery mills, which they have operated most successfully; up to the present time they have confined themselves chiefly to supplying the needs of their own home market and that of China and India.

The recovery from the recent panic conditions which have prevailed has been very slow, not only with manufacturers who come in competition with foreign made goods, but also among those who make the cheap hosiery which was not affected by the foreign importations. It has been difficult for many to understand this slow return of prosperity, particularly to this latter class of manufacturers, but it is generally conceded that the abnormal purchases by the large jobbing interests just prior to the panic, resulted in abnormal stocks, not only in their hands, but also among retailers. The distribution and sale of these surplus stocks required more time than the most conservative manufacturers estimated, many of whom had run their mills continuously during the depression and had accumulated large stocks for which no orders were on hand or forthcoming. In the course of time these manufacturers found it necessary to raise cash on their stocks, not only to provide for operating expenses for the future but frequently to reduce indebtedness to their banks. In going out on the market to sell the goods, buyers were few and prices were repeatedly cut before sales were effected.

The jobbers who were gradually coming into the market for goods realized the existing conditions and by shopping around and "bearing" the market they were enabled to purchase their requirements not only much under the market price but frequently below the cost of manufacture. Jobbers not actually in need of goods feared to place their orders, thinking that prices would be cut even further and thus place the hosiery manufacturer in a most untenable position. Fortunately the yarn market showed an upward movement and manufacturers who had not covered their reasonable requirements were compelled to increase their prices to cover the increased cost of raw material. The jobbers soon realized this upward tendency and showed a more willing spirit to contract for their present and future requirements, and prosperous conditions as a result began to materialize. The tariff agitation and the likelihood that the old Dingley rates would be increased in the

new Payne bill was another incentive for activity among the buyers, resulting in an increased operation among the mills.

After the Payne bill, which gave the hosiery manufacturers the additional protection desired, became a law, it was supposed by some that the hosiery manufacturing business would realize a marked impetus, but such has not been the case, for the reason that the importers fearing the increased duties in the Payne bill, had been exceedingly busy getting in goods from abroad under the old prices and protection. The accumulated importations of the better class of goods were enormous and it will yet require many months to relieve the market of this surplus, pending which time the American hosiery manufacturers must curtail to a great extent their aggregate production.

Naturally, it may be asked, now that additional tariff protection has been afforded the American manufacturer, will he be able to do an export business? It can be said definitely that the exportation of American-made hosiery is both impracticable and unprofitable in view of the fact that Germany is seeking other outlets for its production and Japan is striving for recognition as a textile manufacturing nation. The low wage scale prevailing in Germany is large in comparison to that which prevails in Japan, and America has much to fear from that nation even under the additional protection afforded in the Payne bill.

The outlook for the American hosiery manufacturer is bright, provided the present Payne rates prevail, but the agitation of the tariff question, whether referring particularly to the hosiery industry or otherwise would unquestionably prove disastrous and might bring about the conditions which have prevailed during the last two years. Even with the protection afforded by the Payne bill, the American manufacturers are only placed on a competitive basis with Germany. There is no opportunity whatsoever for the manufacturers to increase prices yielding them unusual profits. Owing to the large number of concerns manufacturing knitting machinery, its cheap cost, facilities for installation, quickness of operatives to learn the technical processes and the small amount of capital required to operate the business, a so-called hosiery trust is an impossibility. The diversity of goods manufactured is such as to make uniform prices impossible. The raw material also constitutes a large part of hosiery values, and under the fluctuating conditions

that have always prevailed, it is generally and correctly considered, that even communitive interests, as existing in other industries are impossible; consequently each manufacturer must stand on his own feet. Upon the knowledge of the business depends his success. In the business of manufacturing hosiery, it is a case of "the survival of the fittest."

THE MARKET FOR LOCOMOTIVES

BY ALBA B. JOHNSON,
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During the summer of 1907, there were plenty of indications of the approaching financial storm, which, during the following autumn, swept over the country and affected the greater part of the civilized world. Manufacturers who, in obedience to the imperative law of demand, had been enlarging their plants, had generally completed the extensions and were waiting to realize the profits to be derived from operations upon the larger scale. For several years most manufacturers had been working under the inconvenience caused by simultaneous pressure of orders and disturbance incident to reconstruction. This is always costly, and it was reasonable to suppose that the reconstruction being over, a breathing spell would follow when business could be systematized, and enlarged profits reaped. These hopes, however, were not realized. Notwithstanding large investments in labor-saving machinery and improved appliances, the costs of labor and administration constantly mounted higher, so that when the accounting was reached, profits were found to be lower rather than higher. Many manufacturers discovered that the largest gross business ever done in one year, had produced little more if as much net profit as had been realized in lean years. This may partly be explained by the extraordinary advance in the rates of interest charged by lenders for the use of money, which was due to the fact that the expansion, both of legitimate business and of speculation, had become so great as to demand more than the world's available capital. The wages of labor continued to advance because the cost of living constantly increased, and, the two being interdependent, the cost of living advanced because wages form an important part of the cost of every necessary of life. There appeared to be no end to the operation of this tendency, except eventual panic. Furthermore, there was great cause for concern in the adverse public opinion, reflected in the hostile attitude of legislatures towards the railroads. This manifested itself in the passage of numerous laws increasing the taxa-

tion of railroads, limiting fares, and interfering with the discretion of railroad managers in the administration of their properties. That much of this legislation was clearly unconstitutional, and must surely be set aside by the courts, scarcely checked the lawmakers. The national administration not only shared this hostility, but set the example to the states.

The prosperity which the country was enjoying had such momentum that it was some time before these powerful causes produced their inevitable results. The railroads stopped work wherever possible on track construction or improvements, and made few contracts for new equipment. Locomotive car builders and other manufacturers ceased placing orders for machine tools. Whilst this was the condition of affairs, the confiscatory decision of Judge Landis was rendered against the Standard Oil Company. This was interpreted at home and abroad as an indication, subject of course to further legal developments, that the money of investors in the securities of large corporations no longer enjoyed the traditional protection of the courts, and that judicial decisions affecting corporations, were to be based upon a presumption of guilt rather than of innocence.

The result of these several causes was that by the beginning of 1908, makers of railway equipment, who had been exhausting their ingenuity to increase production, found themselves without orders. The building-up process had to be reversed, organizations had to be reduced, and the severest economies had to be inaugurated. The rapidity with which this occurred, is shown by the following figures which represent the percentages of the monthly payroll of one of the largest single establishments engaged in the manufacture of railway material:

	Per cent.
October, 1907	100
November, 1907	91
December, 1907	92
January, 1908	56
February, 1908	22
March, 1908	24
April, 1908	20
May, 1908	15

The number of employees fell in like ratio, from 100 per cent in September, to 95 per cent in October, 90 per cent in November, (548)

81 per cent in December, 70 per cent in January, 43 per cent in February, 32 per cent in March, 25 per cent in April. Nor did even this rapid decrease in the number employed, fully represent the stringency of the situation, for the average earnings per man weekly, fell from \$14.22 in November to \$8.40 in May. Taking the average of monthly sales during 1907 as 100 per cent, the business of the whole year 1908 averaged but 19 $\frac{1}{8}$ per cent, that of the first three months of 1909, 25 per cent, and that of the second three months of 1909, 24 $\frac{3}{4}$ per cent. This prostration affected to pretty much the same degree, every branch of manufacture dependent solely upon railways, and there were few which did not suffer a reduction of business ranging from fifty to seventy-five per cent. The past two years have therefore been years of great hardship to all industries dependent upon railway business, and fortunate indeed have been the concerns which have succeeded in showing any balance, however small, upon the profit side of their ledgers.

Amongst the causes which contributed to the depression, were the approaching presidential election of 1908, and the declaration of both the great political parties in favor of a revision of the tariff. The election of President Taft removed one disturbing element, and the general belief in his ability and conservatism, was an active element in the restoration of confidence. The long and painful deliberations of Congress over tariff revision during the spring and summer of the present year, not only depressed business, but effectually convinced the country that a more scientific method of tariff building should be found. When the tariff bill was finally passed, the effect was immediately felt. The railways began placing contracts for locomotives, cars and rails. No doubt the promise of abundant crops had much to do with this. Nevertheless, however great the need for equipment may have been, and however little it was really affected by tariff legislation, the railroads did not begin to place contracts until the tariff question had been settled. The idle cars which, at the beginning of 1908, had exceeded 400,000, have now practically disappeared, those remaining being fully accounted for by the fact that there may always be an excess of cars of particular types, notwithstanding that there may be a scarcity of other types, and also by the fact that the statistics include cars of obsolete pattern awaiting sale or demolition. The car surplus, which for two years has been one of the gauges of business depression,

is therefore at an end, whilst the large contracts for cars which have been placed, indicate conclusively that the railroads are now guarding against the possibility of a future shortage.

Simultaneously with the increase of railroad traffic and the consequent disappearance of the car shortage, rates for bank loans began to stiffen, and from three and a half per cent for gilt-edge paper, rates have advanced to from five to six per cent, according to the grade of credit of the borrower. This is due to three causes, all indicative of returning prosperity, viz., increased speculation in securities, due to confidence that the future has larger earnings in store; money to move the crops resulting from abundant harvests; and increased money needed by manufacturers and merchants, because they are called upon to finance an increased and increasing volume of business. Furthermore, the stream of investment which has been checked during the past two years, appears to be breaking over the barriers of distrust, and to be starting afresh upon the undertaking of new projects and the extension or development of old ones.

Previous business depressions have generally been local. The depression which followed the Baring failure of 1893, was the first which seemed to affect all countries alike. The increase in commerce between the countries, and the constant interchange of intelligence, have caused business depressions to be more widespread in their effects. Perhaps Canada, South America and Australia are less affected by business conditions in America than are other countries, but the United States has grown to be so great a factor in the world's commerce, that depression here affects both Europe and Asia, and to some degree the commercial world. Therefore, as the lessening of demand was general, so the consequent business depression affected all manufacturing countries, Germany, England and France sharing, though perhaps to a less degree, the depression existing in America.

International competition in railway materials has constantly strengthened during recent years. This is due to the consolidation of groups of works respectively in the United States and in England, and to the strong government support which has been given to German manufacturers. German diplomacy constitutes a powerful sales organization for German manufacturers. In consequence thereof, German competition has become an important factor in South America, and to some extent throughout the British

colonies. The English government and English boards of control, whilst nominally adhering to the free trade principles of Cobden, have met German trade aggression by adopting the principle that British money must be expended to support British industry. Therefore, there has been an increasing reluctance on the part of English buyers, whether governmental or private, to admit foreigners of any nationality to competition for British contracts for railway material whether for use at home or abroad. The growth of a national consciousness in other countries, as for instance, Norway, Italy, and Australia, has led to the fostering of home manufactures to such an extent that the purchases of these countries abroad, have been either greatly reduced or altogether discontinued. These several causes have combined to increase the difficulty of securing a large foreign trade for American manufacturers, and the keenness of competition has been such as to bring prices to the lowest possible point. Especially has this been true in China, which is the commercial battleground of the world, all nations meeting in competition there upon an equal footing. Nevertheless there is a constantly increasing preference for American locomotives wherever they are once used. Unless kept out by the prejudices of officials educated abroad to prefer other equipment, or unless debarred by foreign financial interests, American locomotives and railway material are not only holding their own, but are creating new markets for themselves.

The present outlook for the future is bright. Not only have the disturbing elements of two years ago disappeared, but all classes of business men look with confidence to the future. At the present time the volume of manufacturing in the line of railway equipment, has increased from about twenty per cent to fifty-five or sixty per cent of the high-water mark of 1907, whilst in other lines of business which did not suffer so heavy a reduction, the percentage is no doubt higher. The volume of railway traffic is in some instances unprecedented, and the average is close to the maximum figures of previous years. The predictions of Mr. James J. Hill are likely to be fully realized, that for many years to come American manufacturers will be fully employed in providing the rails, the cars and the locomotives required for the necessary reconstruction and extension of our railways, to keep pace with the growth of population and the development of the country.

AUTOMOBILE SALES AND THE PANIC

BY DAVID M. PARRY,
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Far better is it in these days to be preachers of prosperity than howlers of calamity. Confidence, faith and courage move the world; distrust, unbelief and timidity throttle action in its inception. The psychic side of industry is a subject little considered, but there is no question that the sanguine American temperament is a basic cause for our marvelous productive power. We have boundless natural resources and the highest developed institutions of freedom, but we also have a nation of men imbued with the spirit that conquers. It is the energy of hope, not the inertia of despair that furnishes the key-note of our national life.

Still there are some among us who are social hypochondriacs. Their minds dwell on social ills, diagnosing symptoms of disease where few or none exist, and their voices have acquired a habit of direful prophecy. These are the men without faith, to whom the future is always dark and fearful. Often cheerful enough in the ordinary ways of life, in their capacity as independent American citizens they are confirmed misanthropes. For them I know of but one cure that might prove efficacious and that is the Christian Science treatment of mental suggestion. For, as Shakespeare has somewhere said, the earth is a heaven or hell as thinking makes it so. President Taft has recently been applying a little of this thought cure. He has been telling the country that prosperity is not merely on the way but is actually here. The social hypochondriacs may be inclined to ascribe his announcement to political license which may make some kinds of romancing pardonable, but facts do not support their contention.

In the automobile industry about which I am requested to write there has been no such word as panic. It may at first seem hardly fair to cite this industry as proof of general good times, but I think on consideration it will be seen that there is much that can be said on this line. In 1909 there were 100,000 automobiles manufactured and sold, and in 1910 there will be 200,000 manu-

factured and sold. This is a remarkable increase. This means that two or three hundred million dollars were put into automobiles just when it was supposed the country was on the ragged edge of bankruptcy. Was it reckless folly or were the times better than some believed? I am inclined to think that it was not such a bad panic after all, that in fact as a nation we were more scared than hurt.

It must be remembered that prosperity and depression are relative terms, that what may be regarded as good times in one decade may be set down as bad times in another. There were no soup houses or Coxey armies in our late experience. There was no overproduction of manufactured goods, no unsalable surplus of farm products. Neither was there anything else organically the matter with the country—no war, pestilence or famine. The let-up in activity was principally to be attributed to psychological reasons, to a wave of conservatism or caution which was partially a natural reaction from extraordinary activity and partially the result of distrust because of over-speculation, strained credit and the demagogical crusade against the railroads and other corporations. Liquidation has cleared the skies, the public enemies of capital have taken to the woods and the tariff is laid on the shelf. The basic conditions being good and there being no longer grounds for distrust we have but to make up our minds that prosperity is here again to have it in fuller swing than ever before.

The sale of so many automobiles proves that there is a wide diffusion of wealth in this country and that there are hundreds of thousands who are not satisfied with anything less than the best that is going. The American people must move fast, and the automobile is a popular and useful means to that end. If it were merely an extravagant luxury the automobile industry would represent a colossal and unpardonable social waste. But under the standards of the twentieth century it is a necessity. The ox cart gave place to the horse vehicle, and the horse vehicle must be relegated to antiquity by the motor car. Some one has said that the inventions that have most profoundly affected the development of civilization, aside from that of the alphabet, have been those of transportation. Steam and electricity have been performing their part in annihilating space, and now they are to be supplemented by the gasoline motor. The latter is destined to conquer the earth

and air for men. With it every man may be his own distance annihilator—the twentieth century ideal. As it heightens man's pleasure and as its utility is of a higher order than the vehicles it displaces, the motor car, despite its cost, must be set down as a necessity of the times. Some burden may be felt because of the current revolution from horse to motor transit, but the transformation once completed the world will be the gainer by it.

The automobile industry was born before the panic, it flourished undismayed through the panic and it will wax mightily now that the panic is over. This year the manufacturers could not keep up with the demand although their factories underwent marvelous expansion, and next year additional millions will flow into the industry and additional thousands of men will find a new employment. The continued expansion of the automobile industry shows that the hard times were not so hard as they might have been, and now that the worst is over there can be no doubt that it will contribute its share to the rising flood of new prosperity.

GOVERNMENT ASSISTANCE TO EXPORT TRADE

By C. S. DONALDSON,
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The lofty attitude of the United States government toward the foreign trade of the country is now a matter of history. Irresistibly has the official energy been directed toward the fostering of American business interests abroad. This endeavor will continue to expand and bear fruit, though it can never become as potential a factor as the paternalistic aid given in Japan and Germany by the Imperial governments. We can only try to make up in activity what these competing nations accomplish through associating public and private interests in strengthening their economic position.

Emperor William II recently asked a German industrialist why he had placed a large machinery order in the United States. The answer was because the American quotation was several thousand dollars lower, in reply to which the emperor is reputed to have requested the business man to place his next order in Germany, and send him the bill for the difference in cost. This was a patriotic commercial lesson, and is the sentiment that obtains to-day. The strong German banking houses in China, South America and elsewhere turn all the trade possible to their nationals, and we admire them for it. French and British financial interests do likewise, and, with the strong supporting arm of the government representatives, are invincible against the keenest Yankee trader who tries to compete for profitable orders. Repeated incidents bear out this statement. Extensive port works in Brazil, for illustration, were laid out by an American engineer full of enthusiasm for the superior mechanisms produced in his country, who is obliged to witness the installation of French machinery, which was stipulated by French bankers who advanced a loan for the harbor works. Under such conditions it is not difficult to understand why our exports to Brazil are only one-fifth of our \$80,000,000 imports from that country. New York financiers, however, interested by the American consular advices, are now planning a chain of South American banks.

Against such tripartite combinations of government, banker

and the manufacturing exporter, the American seeking trade abroad has contended single-handed. To a certain extent, however, Uncle Sam is now beginning to lend a hand—how strongly it will be extended depends on the expressed desires of the people and on Congress in supplying the sinews and in wise legislation. The diplomatic and consular service has already been wonderfully advanced in efficiency, and further improvement may be confidently expected.

Ministers interest themselves in commercial matters to an extent that would have shocked the social proprieties of the diplomat a decade or so ago. Hamilton King, who represents us in Siam, has repeatedly exploited American wares, his latest effort being an endeavor to secure for his countrymen the contract for the proposed water works system at Bangkok, which is to cost a million dollars, the award of which will soon be given. To Mr. Leishman, formerly Ambassador at Constantinople, must be ascribed some credit for the fact that over American steel rails the devout Mohammedans now proceed to Medina on their way to Mecca. Minister Sherrill at Buenos Aires is developing a system by which those Americans who have been shut out of the Argentine market, through inability to conform to the credit system, may get cash for their goods. These are only a few instances of the commendable activities of a large number of our diplomatic representatives.

One of the questions of the hour is this government's policy of the maintenance of the "open door" in China; yet of equal or greater importance is the entrance of American interests into Turkey, fostered by this government and heartily welcomed by the new Ottoman regime. Americans are obtaining concessions there, and plan a railroad trunk line through Asia Minor, the establishment of telephone systems, etc., while Turkish officials are now in the United States arranging for a loan among a people who can have no thoughts of territorial aggrandizement, nor of political suasion.

In this new era of government participation in the promotion of commerce one cannot overlook the beneficial effect of this country's administration of the customs revenues of the Dominican Republic, or the prospective stability and growth of trade that must ensue with Central America as a result of the participation by the Department of State in refunding the \$20,000,000 debts of Costa Rica and Honduras.

About five years ago Congress committed to the Bureau of Manufactures in the Department of Commerce and Labor the huge task of promoting foreign trade. Its agencies are through a tariff division, which collates and publishes the customs charges and regulations of all foreign countries; a staff of traveling special agents—technical experts who investigate and report on industries and trade abroad; and the consular division, which molds the reports of consular officers into effective commercial campaign literature. The bureau is ably directed by Major John M. Carson, whose whole-souled enthusiastic management has developed practical results. The bureau has had many letters telling of foreign orders for American merchandise as the outcome of information supplied by it.

The business public is acquainted with the transformation effected by the bureau in the publication and utilization of consular reports. *Daily Consular and Trade Reports* is the only daily commercial and economic journal issued by any government. The number of copies that may be printed is limited by an old stipulation of Congress to 10,000, which was long ago reached, and the mailing list is therefore restricted. The contents of the daily are systematically grouped and classified in *Monthly Consular and Trade Reports*, which is likewise limited to 10,000 copies. A gratifying improvement is manifest in the selection and treatment of live business questions by American consular officers, whose rank for efficiency in this respect is contested by no foreign nation.

It must be admitted that there still are consular officers of the United States who only shine socially, or whose slumbering silence is only broken by a brief annual report; yet it is pleasing to note the influx of strong new blood through the present competitive examination system that is constantly improving the service, and likewise the position of our country in the world. These young men start at the bottom and by meritorious conduct advance slowly, but surely, to the higher posts.

Consul-General Mason, at Paris, and Thackara, at Berlin, are veterans, the former now completing his twentieth and the latter his thirteenth year of efficient work; while Consul-General Griffiths at London made his merit record at Liverpool. It would indeed be a stupendous task to recount the commercial achievements of the many consuls which aided their promotion. There is the natural inclination of the appointee to some obscure post to feel that noth-

ing can be done in his limited district, where trade may be dull and the people sluggish. But that Yankee spirit which was manifest in two sailors who were shipwrecked on a desert island, and swapped jack-knives every day, enables all consuls who possess it to "make good."

About three years ago Consul Coffin went out to the isolated post at Maskat, the capital of the Arabian sultanate of Oman, a little country stretched along the coast at the entrance to the Persian Gulf. There is little else there save date growing, yet Mr. Coffin succeeded through the co-operation of the Bureau of Manufactures at Washington in having an American water works system placed in the palace of the Sultan, and interested other American firms in providing improved appliances for irrigating the date orchards, and motor equipments for small craft at the port. He also mastered the Arabic tongue, completing the attainments which made logical his appointment to Tripoli-in-Barbary, where an important new consulate was opened last year. His activities continue, and the Moors of Tripoli are now baking bread from American flour, and are apt to learn the convenience and use of many more things American.

In small islands of the sea other consuls have shown similar zeal. Dr. Dreher in the Society Islands, Van Dyne in Jamaica, Grout in Malta, promoted later to Odessa; Blake in the Madeiras, now in Scotland; Maynard in Borneo, now in Vladivostok; Totten in Santo Domingo and Baker in Tasmania are all on record at the Bureau of Manufactures as having continuously made reports of great value to our business interests.

An experiment is about to be undertaken in Mr. Baker's case that gives promise of extensive adaptation in the consular service. A trained Chicago newspaper man, he thoroughly exploited the island of Tasmania in the interests of American trade. At the suggestion of the Department of Commerce and Labor Mr. Baker has now been detailed to investigate and review trade conditions in the entire Commonwealth of Australia, and will be temporarily attached to the consulate-general at Sydney.

Another phase of consular efficiency is the unselfishness shown by the officers when they come home to the United States about every other year on vacation. They pay their own traveling and other expenses while here, and spend much of the time in conference

with American manufacturers, imparting at first hand valuable information for the development of an export trade. Consul-General Anderson is now back from Rio de Janeiro, and is thus employed; Consul-General Smith has just returned to Genoa, leaving a wealth of commercial suggestions concerning Italy and the Belgian Congo, where he was formerly stationed. Consul Connor is about to return to Cochin China, after presenting to a number of manufacturers a plan for sending some sample goods there to pave the way for large sales. Consul-General Lay, of Cape Town, made a special effort while on his vacation in the States a few months ago to meet the manufacturers who were interested in the South African trade, in which we are slipping back, while Germany and England are forging ahead. Consul Dunning, who performed such valiant commercial deeds at Milan, and is now at Havre, and Consul-General Ozmun at Constantinople, also chose to spend their recent vacations by traveling through the business centers of the United States, while a favorite feat of Consul de Soto at Riga is to send Russian business men and manufacturers to this country to inspect our goods and machinery. The Russians always leave good orders.

At the commercial gateways of the leading countries vigilant consular officers are necessary. Thus at Hamburg Consul-General Skinner keeps as watchful an eye as he did at Marseilles and in his mission through Abyssinia. With equal vigilance Consul-General Michael at Calcutta and Consul Wakefield at Rangoon watch the gateways to India and Burma, Consuls-General Harris at Smyrna and Ravndal at Beirut the gateways to Asiatic Turkey, and Consul-General Rodgers at Habana, the metropolis of Cuba. In the new world Consul-General Bartleman at Buenos Aires and Consul Winslow at Valparaiso are effectively caring for our interests in Argentina and Chile, Consul Manning at La Guaira the re-opened door in Venezuela, Consul Canada at Vera Cruz the expanding Mexican markets, and Consul-General Jones at Winnipeg the development of middle Canada. Out on African prairies an introductory steam plowing outfit is one of the many imported American mechanisms to the credit of Consul Hollis, of Lourenco Marquez, while Consul Snodgrass performed such effective service in the Transvaal that he was given the opportunity to conduct a wider trade campaign from the post at Moscow, where he is now consul-general.

Many manufacturers have voiced the opinion that the most prac-

tical consular effort yet put forth was that inaugurated by Vice-Consul Frankenthal at Berne, and elaborated by Consul Van Dyne at Kingston. They addressed suggestive interrogatory letters to all the leading business firms in their respective districts. The replies reveal the attitude of the merchants toward American goods and furnish the basis for many new purchasing connections in the United States. This information is conveyed in confidential bulletins by the Bureau of Manufactures. Transmission confidentially of trade opening details is a developing feature of this bureau's work. Blue prints and specifications, samples, etc., of foreign desires are forwarded daily to all manufacturing concerns from Maine to California which wish to compete. Reference to most of these matters is made in the foreign trade opportunity column of Daily Consular and Trade Reports, with a keyed number. The immense and growing correspondence required in this clearing-house work is overtaxing the limited office force of the bureau.

A commercial directory of the world for the American export trade is one of the ambitious plans of the bureau. To this end the consuls have been compiling selected lists of importers and merchants. These are being systematically grouped and arranged in the bureau, and embrace every leading city in the world. There will also be included such large purchasing bodies as the Zemstvos of Russia, the agrarian societies of Germany, the co-operative purchasing associations of England, the bazaars of India, etc. The publication of this large work has not yet been arranged for, but in the meantime various manufacturers are copying at their own expense the addresses of foreign houses handling special lines of goods.

The commercial agents who are attached to the bureau work under a special appropriation of Congress. They are selected experts for the investigation of special industries and trades. Captain Carden of this branch is now making a second trip through Europe, studying and reporting on the machine shops, where many American tools are already in use. Special Agents Clark and Butman are in South America, the former studying the cotton goods' and the latter the shoe and leather goods' markets. Special Agent Brodé is touring Europe for the enlargement of the sales of cottonseed products. Special Agents Pepper and Davis, who have recently resigned to become a commercial advisory board to Secretary Knox

and the President, were effective trade campaigners, the former along broad general lines, the latter on the flour trade of Europe, the economic interests of this country making it more desirable to sell abroad our farm products in finished form for consumption. Monographs on these and many other subjects at present engrossing business men are constantly being issued by the bureau. It may be mentioned that the establishment of the new direct steamship line between New York and Constantinople was due largely to the efforts of Special Agents Davis and Brodé.

Space permits only this brief outline of how the government is striving to help the export trade. Many elements and factors are also necessarily passed over, while in justice to the consular officers it must be stated that many are on the honor roll for efficient service who have not been mentioned. There is a general *esprit de corps* and a willingness to serve our commercial interests abroad of which the 80,000,000 people at home may well be proud.

If I were asked how to make more effective the consular service the answer would be:

1. Supply each consulate with a higher priced and more efficient clerk; \$1,000 is altogether inadequate.
2. Give each officer the privilege to make investigation tours through his district, and pay his expenses. This now comes out of his pocket, if there be anything there after meeting current expenses and helping stranded Americans.
3. Provide a fund of about \$5,000 for the entire service to enable consuls to employ experts on technical subjects. American industrial and economic associations frequently request exhaustive details concerning such matters in foreign countries, which the consuls are directed to supply—at their own cost.
4. That more American business men take time to write commendatory letters of consular and special agents' reports that have aided them. It will encourage the officers and benefit the entire service.

The building of battleships and the Panama Canal is also an integral part of foreign trade extension. They are powerful factors, the influence of which will insure the highest consideration for our diplomats, consuls, special agents, commercial travelers and pleasure seekers who go abroad. They are the only basis which will preserve the "open door" in China, and any semblance of Ameri-

can trade in the Pacific. The lack of this pervasive influence was painfully evident to an American business man on a trip to China a few years ago. Through a consul of the United States he sought an audience with a provincial viceroy to no avail, until finally the American official introduced him to the British Consul, who easily gained him the coveted interview. That was a kindly act, indicative of the friendship between the great English-speaking nations, but it also indicated our comparative weakness and the necessity for a naval strength to make effective our inert power.

THE RETURN OF PROSPERITY

BY HON. O. P. AUSTIN,

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No careful student of present conditions in the United States as related to production, manufacture, transportation and internal and foreign trade can fail to recognize a marked improvement in conditions to-day when compared with those of a year ago. Indeed the improvement made in all branches of popular activities is so great that there seems every reason to accept these conditions as an evidence of a return of prosperity and of entrance upon a long period of activity, industrial, financial, and commercial.

In the manufacturing and mechanical industries, which occupy the attention of over seven million wage earners, the evidences of returning prosperity are uniformly convincing. The United States measures its output of manufactures at quinquennial periods only, and it is therefore impossible to state in positive terms the actual growth from year to year. Fortunately, however, it is possible to measure activities in the manufacturing industries at much shorter intervals. One reliable method of measurement is through a comparison of the quantity of materials imported at various periods for use in manufacturing. While much of the raw material of the factory is supplied by local production, the proportion drawn from abroad is so great and has so necessary a relation to the activities and product of the factory that a measurement of imported manufacturing materials may be relied upon as affording a true indication of existing conditions in the manufacturing industries. Practically all of the silk, india rubber, hemp, jute, and tin used in our domestic industries is brought from abroad. For a large part of their wool, cotton, hides and skins, copper, wood, chemicals, and, to a less extent, their iron and steel, local manufacturers must look to foreign countries. Of all these articles the Bureau of Statistics of the Department of Commerce and Labor makes a monthly record of importations, from which it is possible to form an intelligent estimate of conditions in the industries in which those articles are a

necessary factor of daily use. Selecting the first eight months of the current year and comparing conditions in that period with those of the corresponding months of 1907, a period of unprecedented prosperity, and of 1908, a period of industrial depression perhaps unequaled in the history of the country, the figures of importations of raw materials show many evidences of a return to good times, numerous articles showing records equal to, or exceeding, the high levels reached in 1907. Imports of pig copper, for example, which fell from 142 million pounds in the first eight months of 1907, to 89 millions in the same period of 1908, rose to 152 millions in the corresponding months of the present year. Fibers, which showed a total importation of 488 million pounds in the eight months ending with August, 1907, fell to 434 millions in the same period of 1908, but more than recovered the lost ground in 1909, showing for the eight months a total importation of 563 million pounds. Other representative articles of consumption in our domestic industries whose imports show large increases during the past eight months when compared with the corresponding period of 1907, include hides and skins, india rubber, lead in ore and base bullion, raw silk, wool, sulphur ore, ammonia sulphate, palm oil, logs, and wood pulp; while raw cotton, tin, lumber, and gums, though still a little below the levels established in 1907, are making substantial progress in recovery.

The table on page 127, compiled from official figures of the Bureau of Statistics of the Department of Commerce, shows more in detail the upward trend of importations of manufacturers' materials from the low records made in 1908.

A study of the following table seems to justify the conclusion that the manufacturing industries are not only more prosperous at present than at the corresponding date in 1908, the year of depression, but fully as active as in 1907 when those industries were enjoying a degree of prosperity such as the country had never before known. Other evidences of activity in the manufacturing industries are seen in the large shipments of iron ore from the great iron mines of Michigan and Minnesota by way of the Great Lakes, which for the five months of lake navigation ending with August, 1909, are estimated at 22 million tons, compared with 12 millions in the corresponding period of 1907; and in the production of pig iron, which amounted to 15½ million tons in the

eight months ending with August, 1909, against $9\frac{1}{3}$ millions in the same months of 1908 and $17\frac{3}{4}$ millions in the corresponding period of 1907.

IMPORTS OF PRINCIPAL ARTICLES USED IN MANUFACTURING IN THE EIGHT MONTHS ENDING WITH AUGUST 31, 1907, 1908, AND 1909.

Articles.	1907. Millions of pounds.	1908. Millions of pounds.	1909. Millions of pounds.
Copper ore	42.7	28.4	53.0
Copper pigs, etc.	141.6	88.6	152.0
Raw cotton	97.5	56.3	67.4
Fibers	488.2	433.5	563.3
Hides and skins	266.4	196.9	356.3
India rubber	50.5	45.6	57.4
Lead in ore	84.0	140.3	147.3
Raw silk	9.6	10.2	14.3
Tin in bars, pigs, etc.	64.3	52.5	63.7
Leaf tobacco	25.2	24.5	28.9
Lumber ¹	539.4	397.9	534.5
Raw wool	150.4	89.2	229.8
Sulphur ore	939.9	1,041.5	1,006.6
Wood pulp	368.7	271.4	440.1
Logs and round timber	80.5	78.4	113.8
Sulphate of ammonia	38.3	31.9	50.6
Argols	21.8	14.1	21.4
Muriate of potash	114.0	91.1	177.3
Gums	56.8	43.9	59.1

In agriculture, the largest of our domestic industries, measured by the number of inhabitants engaged therein, the outlook is especially bright. This industry occupies the activities of $10\frac{1}{3}$ million people, as compared with 7 millions in manufacturing, $4\frac{3}{4}$ millions in trade and transportation, $5\frac{1}{2}$ millions in domestic service, and $1\frac{1}{4}$ millions in professional service. It is therefore fortunate that in this, our largest domestic industry, conditions remained fairly prosperous even during the period of industrial depression which characterized the larger portion of 1908, and that now when general conditions are improving, prospects for large and generous crops are bright, thus giving assurance of a solid foundation to an era of great prosperity. The estimates of the Department of Agriculture place the average condition of spring

¹Lumber is stated in million feet.

wheat when harvested at 88.6 per cent on September 1, 1909, as compared with 77.6 per cent in 1908, 77.1 per cent in 1907, and an average of 76.9 per cent during the past decade. The oat crop is estimated at 80.5 per cent, compared with a ten-year average of 76.9 per cent; and the corn crop, 74.6 per cent, compared with 80.6 per cent for the past ten years, though the higher prices at which corn is being marketed this year make it probable that the net return to the farmers will closely approximate that of earlier years. Cotton conditions were also somewhat less favorable on September 1, 1909, than heretofore, being on that date 63.7 per cent, compared with an average of 71.6 per cent for the past ten years.

Transportation is so closely associated with, and dependent upon agriculture and manufacturing as to reflect with a fair degree of accuracy conditions in those important factors of national prosperity. In this industry, too, the outlook is encouraging. Railroads are reporting increased earnings and greater activity generally. The number of cars handled by the car service associations was, for the eight months ending with August, 1909, 20 millions, or but a half million below the figures of the prosperous year 1907, and three millions more than those of last year, for corresponding periods. The number of idle cars on September 1, 1909, was reported at but 119,474, against 221,214 on September 1, 1908, and 339,513 on January 1, 1909. Bradstreet's, a reliable authority, states in a recent issue that gross earnings on about 95 per cent of the country's total railway mileage was in July of the present year twelve per cent greater than in July of last year, and that net earnings in July, 1909, were 14.6 per cent greater than those of July of the preceding year.

That financial conditions have improved is not surprising in view of conditions in agriculture, manufactures and transportation. For the 104 principal cities for which figures are reported, the bank clearings during the eight months' period ending with August are given at $93\frac{1}{2}$ billion dollars in 1909, against 80 billions in 1908 and 100 billions in 1907. For the city of New York the bank clearings during the period under review are stated at 65 billions in 1909, compared with 47 billions in 1908, and 62 billions in 1907. For the single month of August, the bank clearings of the 104 cities reporting were $13\frac{1}{3}$ billion dollars,

against 10 billions in August, 1908, and 11½ billions in August, 1907; those of New York alone amounted to 8½ billion dollars in August of this year, compared with 6¼ billions in the same month of 1908, and less than 7 billions in August, 1907. The failures reported by "Dun's Review," an accepted authority, shows liabilities in the eight months ending with August, 1909, of 45 million dollars, against 79 millions in the corresponding period of 1908, and 52 millions in the same months of 1907. Individual deposits in national banks on September 1, 1909, were reported at \$1,988,000,000, against \$1,808,000,000 on September 23, 1908. The money in circulation September 1, 1909, was \$3,096,000,000, against \$3,077,000,000 on September 1, 1908.

Foreign commerce shows distinct signs of improvement but has not yet reached the proportions shown in the fiscal year 1907, just before the period of depression. The activity in manufacturing, the prosperity of the great agricultural community, and the general employment in all branches of domestic activities make the home market good and domestic trade active. Internal commerce is now greater perhaps than ever before, and foodstuffs, cattle and other farm animals command unusually high prices. It is largely because of these conditions, coupled with the steady drift of population away from the farm and to the cities and the consequent diminution of surplus food products that the export trade has declined. For the eight months ending with August, 1909, domestic exports were valued at but 989 million dollars, against 1,075 millions in the same months of 1908, and 1,176 millions in the corresponding period of 1907. This falling off in exports occurred chiefly in foodstuffs, in raw cotton, and in manufactures of iron and steel. The decrease in exports of foodstuffs was due, in part, to the increase in home demand, in part to the fact that certain foreign countries, especially Argentina and British Australia, are increasing their supplies of meat and wheat for the world's markets and thus reducing to some extent the demand upon the United States; and, in part, to the high prices offered by our own domestic market, thus discouraging the exportation of these articles. Whether the export trade will improve will depend also, in part, upon conditions abroad. Much of the falling off in our exports in the last two years was due to decrease in imports the world over, and with the resumption of prosperous

conditions abroad our exports may be reasonably expected to increase.

Imports show less change when compared with the immediately preceding years. For the eight months ending with September, 1909, the total imports aggregated 948 million dollars, compared with 700 millions in the corresponding months of 1908, and 1,002 millions in the same period of 1907. The increase over 1908 represents chiefly enlarged importations of materials for use in manufacturing, though smaller gains are also shown in other classes.

Thus in practically all the great factors of national prosperity—agriculture, manufactures, finance, and commerce—conditions are such as to give reasonable assurance that existing prosperity will not only continue, but increase. The demands for iron and steel, for railway cars and other equipment, for construction and manufacturing materials, all point to greater activity in the industries, in transportation and in manufacturing. The completion of the recent tariff will aid in the improvement, not so much by reason of any radical changes in actual rates of duty imposed as because of the fact that the manufacturing, transportation and other industries, which had delayed activities pending possible changes, will now be able more accurately to forecast future conditions than was the case last year.

PRESENT AMERICAN BUSINESS CONDITIONS IN THE DISTILLING INDUSTRY

BY MORRIS F. WESTHEIMER,

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Government statistics in the distilling industry are accurately tabulated and promptly furnished to all applicants, thus offering to any one desiring to study them the means of reaching conclusions to an extent impossible in almost any other line of manufacture. We need not, therefore, indulge in any surmises, but can go at once to the facts and figures contained in the reports of the Commissioners of Internal Revenue in Washington, D. C. The records of the United States Internal Revenue office show the following:

Prior to 1900 the largest quantity of distilled spirits tax-paid and withdrawn for consumption in any one year was in the fiscal year ending June 30, 1893, during which period the amount was 97,424,825 gallons.

The financial panic and the following depression brought about a gradually decreasing demand until we reach the fiscal year ending June 30, 1896, which year shows the smallest annual quantity tax-paid in a quarter of a century, *i. e.*, 60,635,356 gallons; a decrease of 37 per cent.

The tax-payments for the fiscal year ending June 30, 1894, show 87,087,618 gallons.

Comparing this with the year ending June 30, 1896, 60,635,356 gallons; a reduction of 30 per cent.

Let us compare these government statistics with present conditions:

Spirits tax-paid and withdrawn for consumption for the fiscal year ending June 30, 1906, 122,617,943 gallons.

Spirits tax-paid and withdrawn for consumption for the fiscal year ending June 30, 1909, 114,799,465 gallons; a decrease of 6 per cent.

For the fiscal year ending June 30, 1907, 134,031,066 gallons.

For the fiscal year ending June 30, 1909, 114,799,465 gallons.

Decrease in consumption due to commercial depression beginning with the financial panic in the fall of 1907, 14 per cent.

It is evident that the depression in general business conditions

during the years 1907 and 1908 did not reduce the consumption of spirits as greatly as did the hard times of 1893 to 1896.

Tax-paid for consumption during fiscal year ending June 30, 1908, 119,703,594 gallons; a decrease as compared with 1907 of 10.7 per cent.

The United States Geological Survey gives the production of coal in the United States for the year of 1907 as 480,363,424 short tons. For the year 1908, 415,842,698 short tons; a decrease of 13.4 per cent.

Coal being an accurate barometer of general manufacturing conditions, the decrease of 13.4 per cent in coal production, as compared to 10.7 per cent in consumption of spirits, is extremely interesting. A study of the following table will more clearly indicate the comparative effect of depressed business conditions, following the panic in 1907. (All figures are taken from governmental reports):

	1907.	1908.	Decrease per cent.
¹ Production of pig iron, long tons.	25,781,000	15,936,000	38.1
¹ Production of steel, long tons.....	23,363,000	15,000,000	35.7
¹ Imports of sugar, pounds.....	4,391,839,975	3,371,997,112	23.2
² Bank clearings, dollars	157,673,000,000	127,755,000,000	19.
¹ Production of coal, short tons....	480,363,424	415,842,698	13.4
¹ Tax-payment of distilled spirits, gallons	134,031,066	119,703,594	10.7

The statistical abstract of the United States gives the per capita consumption of all liquors and wines:

For fiscal year ending June 30, 1888.....	14.65 gallons
For fiscal year ending June 30, 1898.....	17.37 gallons
For fiscal year ending June 30, 1907.....	23.54 gallons
For fiscal year ending June 30, 1908.....	23.01 gallons

The Prohibition Movement

These facts are all the more striking, impressive and remarkable in view of the widely heralded "Prohibition Wave," now slowly receding, but which attained its greatest strength in 1908. They indicate beyond dispute that legislative prohibition, instead of largely reducing the quantity of spirits consumed—as contemplated by its advocates—has very little, if any effect in that direction. It has, however, reduced the *quality* of goods consumed and has driven the

¹ Fiscal year.

² Calendar year.

retail business into less reputable and less responsible hands. Where prohibition prevails there will be no improved demand for goods of the higher grades. Where goods are selling under the sanction of the law, commercial conditions bring keen competition, necessitating good quality and small profit to the legitimate dealer. When traffic of any kind is carried on under the ban of the law, these conditions are reversed, resulting in diminished competition, poor quality, and larger profits to the violator of the law, all at the expense of the consumer and with the added moral damage of destroying respect for all law.

The consumption of distilled spirits is always affected by general business conditions. With the tariff settled, and abundant crops assured, there will be a revival and extension of manufacturing in many lines, which will include a corresponding revival in the distilling industry.

Effect of the Recent Tariff Legislation

It is too early to forecast any direct result of the new tariff law. The quantity of liquor imported is at all times very small in comparison with home production, and in character such importations belong largely in the class of the higher luxuries, such as champagnes, fine cordials, bitters and other special preparations. It is not probable that the new tariff law will have any important effect upon home production—certainly, no detrimental effect.

The exportation of American distilled spirits for consumption abroad has never reached important proportions; this is partially due to the fact that the growth of the business in this country has been so steady and rapid as to make it unnecessary for the American distiller to shoulder the expense of seeking a market abroad. Furthermore, the exportation of distilled spirits has been handicapped by cumbersome and antiquated revenue and customs regulations.

The General Outlook for the Future

The general outlook for the future from commercial and financial standpoints has seldom been better. The growing crops of all cereals used by distillers promise to be phenomenally large this year. This means raw material at fair prices for the distiller and

abundant purchasing power for the consumer. Prosperity for one industry means prosperity for all, and with tariff uncertainties out of the way, it is the consensus of opinion among merchants and manufacturers in all lines that our country is on the eve of prosperous times.

Anything adversely affecting so great an industry as that of distilling in this land of ours, bears with almost equal hardship upon the collateral trades dependent upon it. The forester who cuts and sells stave timber for barrels, the iron dealer furnishing hoops, the bottle maker, box manufacturer, cork and cap and label maker, the printer, the lithographer, the cooper, the farmer producing corn, rye and barley, the maltster, the coppersmith, the iron-worker and distillery builder, and innumerable other industries dependent upon that of distilling, are all equally interested with the distiller in auguries of the future.

Over all of these, there lowers at the present time, the one menace of confiscatory and destructive legislation, such as has been enacted recently in some of our states, as a result of the hysterical and emotional prohibition campaigns, conducted under the auspices of the Anti-Saloon League. A notable instance is furnished by recent legislative enactments in Tennessee. In that state, since the first of July, 1909, the sale of liquor *within* the state has been practically prohibited, and after the first day of January, 1910, manufacture is absolutely prohibited even for sale *outside* of the state. Needless to say this is practical confiscation of brewery and distillery property and without one penny of compensation from the people of Tennessee who are presumed to be the beneficiaries of such confiscatory legislation.

For more than a century of national life, the distilling industries have been protected, fostered and encouraged by national legislation. The space accorded me by your invitation forbids my going into details on this question. So unique and revolutionary in America is the present tendency toward confiscation and destruction of vested rights and property interests, that it might well be the theme of future contributions to your volumes. The law of eminent domain alone justifies the taking of private property for the public good, and nowhere and at no time should this arbitrary power of suppression be exercised without due compensation to the owners. If all the people of Tennessee are to be benefited by the suppression of

distilleries and breweries within the limits of that state, should not the people of Tennessee be willing to pay for the alleged benefits thus secured to them? In England, when it was recently proposed to reduce the number of licensed public houses (saloons) there was no suggestion by members of Parliament of any plan which did not include full compensation to the publicans (saloon-keepers) to be eliminated, for the full value of leases, fixtures, stock on hand and good will.

I anticipate the sophistry with which this protest will be met by the Anti-Saloon League. They will tell us: "We do not confiscate your distilleries and breweries—we merely forbid you to operate them." The flour mill which is forbidden to grind wheat is as valueless an asset as a railroad prohibited from running trains over its rails.

There are signs of an awakening among the owners of property of all kinds in the face of this destruction of vested rights and values—a confiscation planned and carried out at the behest of a league, or organization, whose promoters and leaders tell us that it is the "united church forces in action."

The leaders of this movement are largely ministers, men consecrated to the teaching of morality. The following, from the Cincinnati "Enquirer," of April 5, 1908, is interesting in this connection.

New York, April 4, 1908:—Chancellor James R. Day, of Syracuse University, made a statement to the New York Methodist Episcopal Conference to-day, in which he declared, on behalf of Bishop Moore, that the Bishop was not in sympathy with the barn-burners of Kentucky, but that the Bishop felt the destruction of the tobacco, in view of the position of the Methodist Church, to be a commendable thing. The Chancellor said that the Bishop did not look favorably upon the destruction of the barns and warehouses containing the tobacco.

These niceties of anarchistic discriminations are interesting, but they make faint appeal to a property-owning, liberty-loving and law-abiding American public.

The distilling industry in the United States is of vast proportions, representing hundreds of millions of invested capital. Many thousands of men and their families are directly, or indirectly, dependent upon it for their livelihood. The immediate extermination of their means of support is as directly threatened as is the

property of the owners of hundreds of distilleries, breweries, cooperage, box and bottle plants. By whom is this destruction and extermination demanded? Let us see. In *THE ANNALS* of the American Academy of November, 1908, appears an article contributed by Rev. W. M. Burke, California State Superintendent of the Anti-Saloon League, entitled "The Anti-Saloon League as a Political Force," which concludes as follows:

Let any question have the support of the entire evangelical church, then organize this force for action; put into the field four hundred and fifty keen, bright, able men; let them draw their support from the millions who are in favor of the objects proposed, and you can *create* and *organize* sentiment enough to accomplish almost *any purpose* desired. That is what is happening in the political arena to-day as against the open saloon. It is merely the united church forces in action.

As further defining the attitude and methods of the Anti-Saloon League, the following quotation from an interview with the Rev. Purley A. Baker, General Superintendent of the Anti-Saloon League, written by James B. Morrow, and printed in the *Cincinnati Enquirer* of Sunday, February 23, 1908, is significant:

You must remember that the Anti-Saloon League is not in politics as a party, nor are we trying to abolish vice, gambling, horse-racing, murder, theft or arson. The gold standard, the unlimited coinage of silver, protection, free trade and currency reform, do not concern us in the least. In no instance has the League ever nominated a candidate for public office. Nevertheless, we are the most skilfully and completely organized *political force* in the country.

In the same interview Rev. Baker further informs the public: "We had to beat eighty-seven men for the legislature in a certain state before the leaders of the two political parties ceased to sneer at us." Lack of space forbids further reference to vauntings in this interview of the work done by the "united churches"—skilfully organized as a "political force" in electing and defeating almost entire state legislatures, and of doing and undoing state senators and members of Congress in the effort made by the "federated churches" to control the reins of government. Enough has here been quoted to make evident that commercially, financially, and politically we are confronted with a new problem in American life.

Men more competent than I am to analyze this problem assure me that many good and earnest church men and women deplore the fact that so many of their fellow-workers are being

misled and misrepresented by a majority of their clergy, who have been swept away from safe moorings by the emotionalism of Anti-Saloon League methods.

An interesting sermon was delivered on Sunday, August 15, 1909, in St. Paul's Church at Richmond, Va., by the Rev. W. E. Evans, D.D., Rector of The Church of the Advent, of Birmingham, Ala., from which I quote:

A fierce political contest has been going on in Alabama, for quite a time. It was not the question of temperance, but of prohibition. To preach temperance is to preach religion, but prohibition is politics. Failing to make this distinction, certain ministers turned their place of worship into lecture halls, where this phase of politics was discussed, and political harangues—in the churches, mark you—were applauded to the echo! In a paper received only day before yesterday, I saw that crowds of ministers were gathered at the state capitol, and were lobbying in the interest of their political party. What is the impression made upon sober, thoughtful minds? Just that which St. Paul deprecated, "the ministry is blamed" as forsaking its legitimate sphere and obtruding into politics.

Yet, I recall that several years ago, when Roman Catholic priests appeared as lobbyists in the halls of Congress, the Protestant press, from one end of the country to the other, was unanimous in protest, and I presume it expressed the feeling of the Protestant clergy and laity. These priests were working for appropriations for their Indian schools, yet against them the newspapers sounded a trumpet blast of indignation. In Alabama it is a state capitol that is besieged by crowds of ministers using the power of their office to promote a political movement.

For centuries, the union of state and church in the countries of Europe, has been a source of unrest and contention. The trend there has been toward complete separation of church and state. Where such union still exists, for instance, in England, the functions of civil and ecclesiastical authority are each defined and limited. The church there is respectful in its attitude toward civil authority. It is only necessary to study the methods and utterances of the Anti-Saloon League leaders in this country to see that among them, at least, no such spirit prevails here.

The movement here appears to be an attempt at domination of civil by church authority, accomplished by seizing the power of government, through the medium of the ballot, and exercising that power for purposes of confiscation and destruction, aimed

at any and all things standing in the path of the "federated churches" working as a "skilfully organized political force."

The future of the distilling business can be accurately foreseen only by one of prophetic powers, far-seeing enough to determine how long the American public will permit this tendency toward church supremacy in politics to work unchecked. The fact cannot be too strongly emphasized that no property is safe from a menace of this nature.

Forecast

As bearing strongly upon the future of the distilling industry, there are being slowly, but surely, evolved from the great mass of suggestions, coming from many sides, well-defined plans for the regulation of the retail sale of liquors under state control, which will doubtless eliminate those features which are now made the excuse for complaint and attack against the business as a whole. The National Wholesale Liquor Dealers' Association of America believes that public sentiment is rapidly shaping itself in opposition to prohibition and is turning towards regulative license laws.

Based on the sane and successful laws in force in Pennsylvania and Massachusetts, the license plan of the future will no doubt provide safeguards which will embody the following features for the control of sales of liquor at retail:

First: The character of the applicant, and not the fee, should be the determining factor in granting license.

Second: Licenses should be issued by a non-political board, and be limited in number and based upon population.

Third: A license should be revoked when the owner violates the law.

Fourth: Where owners of licensed premises are voted out of business, under state wide or county option laws, such owners, who have not violated the law, should be compensated for the loss inflicted upon them by being forced out of business.

Fifth: Officers of municipalities should be compelled to enforce all laws, and laws should be so framed as to remove temptation from the saloon-keeper to enter into active politics. In many states it might be desirable to include laws limiting the sale of liquors to unbroken packages, not to be consumed on the premises, except

in inns, hotels and restaurants. I quote from the platform of our association:

It is true that in the growth and development of our industry, in common with all others, be they railroads, insurance, or banking, excesses have crept in which menace the welfare of those engaged in them. It is as unfair to say, as it is impossible to achieve, that the evils can be cured only by destroying the industry.

It is our firm conviction that those who honestly seek to promote the cause of true temperance will find the surest and safest method in the continuance of the licensed saloon, conducted under proper laws and reasonable regulations strictly enforced.

In conclusion, in the well-known words of Patrick Henry, "I have but one lamp by which my feet are guided, and that is the lamp of experience. I know of no way of judging of the future but by the past," and so, judging by the past, I confidently count upon a steady revival of the distilling industry commensurate with other lines of manufacture. I hope and believe that the "Prohibition Wave," so often erroneously entitled the "Temperance Wave," will, in receding, leave in its wake equitable, fair and right-minded regulative laws, which will remove the liquor question from the realm of politico-clerical agitation.

RECENT DEVELOPMENTS IN THE LIFE INSURANCE BUSINESS

BY L. G. FOUSE,
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Conditions are ever changing. The question under consideration, however, is whether in the life insurance business since 1906 they have changed for the better or for the worse. Enough time has not elapsed to establish authoritative facts, but there are indications which should be thoroughly and carefully considered in order that the future of life insurance may have whatever benefit there is to be derived therefrom.

The recent financial depression has had a marked effect upon the business of life insurance. The cause is in dispute. Financial authorities, however, agree that the immense destruction of capital through the Boer War, the Japanese-Russian War, the San Francisco earthquake, and other disasters, was the fundamental cause of the break of one of the weakest links in the financial chain of the world.

The great system of life insurance is one of the strongest sections of the chain, but it had a link weakened by mismanagement in a few of the companies. This link has been removed and a new one put in its place. The question now before us is, have the changes as a whole resulted in any impairment of the business, or are they for its betterment. They were designed to be for its betterment, but are they? New insurance laws have been passed in most of the states of the Union, and such radical changes made that the most experienced men hesitate even to venture an opinion.

As an example, a few of these laws may be mentioned: Discrimination in matters of rates against the colored men is prohibited when it is a statistical fact that there is a material difference in the longevity of races. In at least one state, no matter what the contract provisions may be, suicide, even though immediately after issuance of policy, and deliberate and with fraudulent intent cannot be a bar to recovery. In another state the recom-

mendations of the medical examiner are final, even though he may have conspired with the applicant to perpetrate a fraud on the company. Another state imposes a penalty of twelve per cent for exercising the constitutional right of defending a claim believed to be unjust. In a number of states, laws have been enacted which prevent removal of a case to the United States courts, while others undertake to regulate the details of management with requirements that are impractical, expensive and even dangerous. In the State of Wisconsin, twenty-one companies unwilling to incur the risk of impracticable laws, voluntarily withdrew from the state. Twenty-seven life companies withdrew from Texas because of the unjust and oppressive tax and deposit laws. Fourteen states have enacted statutory provisions for life policies. Some of these provisions conflict with those of other states, and render difficult interstate business, which is essential to a proper average.

The only recent improvement noted in legislation is in the line of reducing the too burdensome tax on life companies. The companies now pay for taxes, fees, licenses and cost of supervision more than \$12,000,000 per annum. This tax is the equivalent of 2.25 per cent of the premium income. In 1890 it amounted to 1.4 per cent, and in 1908 it had increased to 2.3 per cent. It is generally conceded that the tax rate should not exceed one per cent of the premium income, and this should include the tax of one per cent on surplus recently imposed by the United States Government. In Germany the life companies pay only twenty-four cents in taxes, against \$2.26 in America. In Canada the ratio is a trifle over one per cent of the premium income; in Australia less than 1.5 per cent. However, the indications are that policy-holders are waking up to the fact that they are paying the tax, and are demanding that their representatives in the several legislatures remedy the injustice.

December 31, 1904, the statements of the life companies, numbering ninety-two—having \$12,539,499,890 insurance in force—showed that a trifle over fifty-three per cent of the income was disbursed in expenses, payment of losses, surrender values, etc., while in December, 1908, the number of companies had increased to 170, with \$14,540,781,439 insurance in force, and the disbursements represented fifty per cent of the income, or a gain of about three per cent. This indicates an improvement, but the

fullest analysis would not at this time disclose the actual facts. It may be, and probably is, largely due to the effect of medical selection of the seventy-eight new companies which have written all their business since 1904, and hence a very small portion of their business is beyond the effect of medical selection. Again, it may be due, to some extent, to the recent retrenchment in expenses incident to the restrictive laws, which is responsible for the large reduction in business of the New York State companies. Again, the business of the seventy-eight young companies, not old enough to have many surrender values, neutralized the effect of the business in the older companies in which the increased amount paid for surrendered and purchased policies was fifteen million dollars more in 1908 than in 1907; or the reverse, to some extent, is due to the liberalizing of contracts in favor of the individual as against the aggregate, the effect of which is questionable and uncertain. Indeed, it will require the lapse of at least another decade before an analysis can be made with any degree of certainty as a guide for the future.

If we take individual companies, which are affected differently by changed conditions, we will find that those that have been able to reduce the expense of business-getting, have been enabled to liberalize their contracts to meet both the letter and the spirit of the laws enacted, all of which would seem to be to the advantage of policyholders. It is, however, a question which time alone will enable one to answer truly, whether laws and conditions which make possible, if they do not encourage, fraud upon life insurance companies, that prescribe and limit conditions regarding the investment of assets, the sale of securities, the loaning of reserve to policyholders, limiting the amount of business a company may do, limiting the amount of surplus that it may maintain for the protection of policyholders, etc., are, after all, for the best interests of policyholders.

The life insurance companies in the United States have about three and one-quarter billions of assets, and over thirteen billions of insurance in force. This insurance is carried by about twenty millions of persons.

While the general outlook of business conditions in life insurance is favorable, especially in view of the improved conditions of business in general throughout the country, it is not by any

means certain that the changes in recent years have been for the permanent good of the business.

State or Government Insurance

The economic and social conditions of recent years have given promise of an experiment in some form of state or government insurance. Mr. William Jennings Bryan, former presidential candidate, in April, 1905, made this statement in a periodical: "I believe in state insurance, in the state government conducting an insurance business on a basis where the premiums would cover all expenses, and at the same time give insurance to the masses at absolute cost. I advocate issuance by the state of both life and fire policies."

Paternalism has crept into the laws of a number of states, the effect of which is yet to be determined. Massachusetts has enacted a savings-bank insurance feature, which has had strong support, and which, we are glad to say, has been established on a scientific basis, but from a practical point of view, it will probably show little better results than the forms of government insurance as established in New Zealand, France and other countries. Notwithstanding the many advantages secured to the New Zealand life insurance scheme by the government, private companies have more than held their own, and the government scheme is, in comparison, on the wane. In Great Britain a plan introduced by Mr. Gladstone, which makes every post office in the nation an agent, has languished, and has hardly been a factor in the insurance business. The French government established a department July 11, 1868. The insurance in force in the department, December 31, 1908, represented \$1,300,000 insurance, or hardly enough to be a reasonable amount for a month's business of an average American company. In order to increase the business, the government re-insured some mutual societies, but in this it has already had a disastrous experience. While the premium income in one year on the re-insured business was \$47,000, the losses for the same period amounted to \$45,000, with no accumulation for the future.

The National Civic Federation made labor insurance a part of its program for the annual meeting held on December 15, 1908, in the subject: "How may the employee and his family be protected against financial stringency in case of accident, illness or death?" Shall the plan followed in England, or shall the Massachusetts

voluntary savings bank annuity plan; or shall the state or the employer; or the state, employer and employee, jointly, as in Germany, be adopted? The discussion did not result in anything definite, but was "decidedly favorable to some form of state insurance." Consideration was given to some form of state insurance in Wisconsin, Massachusetts, Texas, Illinois, Florida, and in New York as far back as 1905; and later in Michigan, Tennessee, Virginia, Kansas, and in some other states, but no substantial progress has been made with it. "A strong tendency, however, exists toward retirement funds, industrial pension funds, employers' relief associations, etc., all of which are commended, provided they are based upon sound actuarial principles."

"The Standard," of Boston, in 1908, said, "The tendency of the recent reform in life insurance legislation is to fossilize the business. The public has infinitely more to gain from competition in insurance by companies conducted by private enterprise than from the dry rot of any state system of insurance."

In Great Britain, where insurance is much older than in this country, by reason of which the impractical has largely been eliminated, the policy of "publicity and freedom," has been found to give the best results. Under the laws of England the company management is restricted as follows:

Directors of a company cannot avail themselves of their position to enter into beneficial contracts with the company; nor can they buy property and then sell it to the company at an advanced price. . . . Directors cannot receive commissions from other parties on the sale of any of the property of the company; and generally, they cannot deal for their own advantage with any part of the property or shares of the company. . . . Upon similar principles a court of equity converts a party who has obtained property by fraud into a trustee for the party who is injured by that fraud.

Aside from the foregoing restrictions, which prevent managers from having interests antagonistic to the interests of policyholders, details are left to be worked out through competition, "publicity and freedom." There is no legal standard of solvency, as we have in this country, and a method of computing reserve is not provided by law, but publicity must be given to the method adopted by the company. Instead of pursuing plans which within the last half century have been found to be entirely satisfactory in Great Britain, the disposition in this country, from an insurance

point of view, has been to control and regulate by law the minutest details.

The business depression in recent years, from which the country has, for the most part, recovered, and the revival of business in general, have had their economic lessons, which will prove beneficial to the life insurance business. Rebates, primarily responsible for many wrongs and misdeeds, have practically ceased. Improvements have been made in policy contracts, and in many of the details of the business, but much of the legislation has fixed and rendered inflexible conditions over which the companies can exercise little or no control—like the rise and fall of flowing streams—that it is calculated ultimately to injure the business. For example, the surplus that a company may have is limited by law; the loan and surrender values, together with the rate of interest on loan values, are fixed by law; and whenever such values and rate conflict with the financial and commercial conditions prevailing in the country, trouble is sure to follow. Such legislation cannot be modified or repealed too soon for the general good of the business.

THE RECOVERY FROM THE DEPRESSION

BY JOHN MOODY,

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The twelve months prior to the panic of October and November, 1907, was a period of high levels in practically every trade and industry. The steel and iron reports surpassed all records previously obtained; the country's agricultural values mounted to totals far beyond any reached before; railroad and other transportation earnings soared to wonderful heights, and in practically all retail and general distributing lines vast activity was notably the feature.

This twelve months' period and that immediately preceding it was a time of high and steadily ascending commodity prices and of high and steadily rising rates for money. The time money rates in New York and the other large centers ranged steadily above five per cent, and early in 1907 even six per cent was regarded as not excessive for the temporary uses of loanable funds. In the commercial paper market even higher rates than six per cent were considered not excessive, and all through the spring months of the year prime paper was being placed in large amounts on bases which cost the borrower anywhere from six and one-half to eight and one-half per cent, and in some instances considerably more. The loaning of money on call in the financial markets was on an equally high basis. Not only did the call money market not "loosen up," after the stringency of the fall and winter of 1906-07, but the rate steadily maintained its average above six per cent and frequently soared during the spring to new and unusual heights. It is unnecessary to say that during this period bank credits were enormously extended and reserves everywhere depleted.

The tremendously inflated level which had been reached in practically every field of industrial and commercial activity was concisely reflected by the condition of the security markets at that time. The prices of active shares on the New York Stock Exchange were hovering around figures which, in the light of dividend returns, were ridiculous in the extreme; stocks which had no

dividend-paying power whatever were in many cases selling close up to their par values; while bonds of the better type, which, in the times of easy money a year or two back had sold freely on a three and one-quarter to three and one-half per cent basis, were commanding prices which gave a yield of but four per cent or a little more, right in the face of a permanently fixed six to seven per cent money market.

Many theories have been advanced to explain the panic of 1907, and the brief period of depression which followed in its train. But as a matter of fact the causes of the panic were so patent that they have never needed explaining. The facts regarding the year preceding the panic, which I have stated in the foregoing paragraphs, are the panic's explanation. That the country was riding for a fall during this entire period is now apparent to the most superficial observer. The vanishing point must ever be reached in material activity when mounting commodity prices, climbing interest rates, distended bank credits and feverish "prosperity" are found traveling side by side.

The interesting question, however, which still begs for an intelligent answer, is an explanation of the unusual phenomena which have followed in the wake of the panic. Any careful analysis of events during the past two years will show that this period is altogether unique as compared with former depressed periods that have been outgrowths or aftermaths of panics. Just as ante-panic times are characterized universally by a rising trend in prices of commodities, in advancing wages, over-valued lands and a high level for interest rates, the few years of liquidation which logically follow are noted for a radical lowering of all commodity costs and prices, a heavy fall in wages, the bursting of all land value bubbles and the decline of interest rates to comparatively nominal levels. This was the case of the panic of 1873; it was true during the troubled years after 1893. And in other countries, where panics have occurred, these were the cardinal characteristics of the years which came after.

And in the security markets, which are each decade becoming more and more a concrete reflection of the trend of general conditions, due to the rapid absorption of all business undertakings under the corporate form, the same features have been regarded as the earmarks of after panic periods. Prices of securities, after the

temporary but extreme collapse of the panic itself, have always in the past, after their normal rebound, settled down to a basis of slow but steady liquidation which has sometimes extended over a period of a year or more. After the 1873 panic, this liquidating period was present for at least three years; after 1893 we had two periods of liquidation in the security markets, one in 1894, another in 1895 and 1896. In each case the course of the security markets directly reflected the state of trade and the general industrial situation throughout the country.

But we find that since the panic of 1907, these former normal events have apparently not taken place. We have had no real period of liquidation, either in the general industrial field or in the security markets. We have had no extended period of falling prices of commodities, nor any very pronounced price declines whatever, barring a few specific industries. While the price level reacted moderately from the high average of August, 1907, it did not drop radically, and within six months of the panic was resuming its upward trend again. At this writing, as shown by Bradstreet's, it has risen once more to about the highest average of the ante-panic year.

There has been no heavy fall in wages, such as has characterized periods following previous panics; and the wage level to-day is in many industries fully up to the plane of 1906-07, and in many instances considerably above it.

At practically no time during the past two years have wages held at the comparatively low levels following other panics; and this has been true despite the fact that when industry dropped to its lowest ebb, the labor market recorded an enormous surplusage and a larger percentage of skilled labor was out of work than had been the case for a decade before.

In the bursting of land speculation bubbles, we have always heretofore recognized a cardinal feature of after-panic periods. But this time there has been no such thing as a slump in land values. Instead, we have witnessed both urban and agricultural land retain its full value through the entire two years; inflation in prices has practically never halted, and to-day values of this nature are soaring as never before.

And if we examine the trend in the rate of interest, we will find the unusual phenomenon present here also. It is true that with

the cessation of the enormous speculative and industrial activity immediately following the panic, interest rates dropped quickly to normal figures; bank credits were liquidated in vast volume, and reserves piled up to unusual amounts. Money was a drug on the market, as it could not help but be. But while money was plentiful, it was not cheap. It is not cheap to-day. With reserves heavier than ever before in history, the trend of the money market in the financial centers has at no time been downward since 1907, and within a single year after the panic-collapse, resumed its upward trend. While for a few months it was confidently predicted in New York that the money troubles were over for another decade, and that we would soon see high-grade railroad and government bonds selling on the levels of 1902 again, this position was soon abandoned by the thoughtful. In 1902 the highest type of railroad bond, like Lake Shore first mortgage 3½'s sold on a basis to yield but three and one-eighth per cent. Many anticipated that prices would return to this level again, after the fall in money rates after the panic. But these prices have at no time been even approached, and for the last six months the trend has been quite definitely in the other direction. If we look across the water we find the same situation demonstrated. English consols once sold on a basis to yield but two per cent. This was not the result of credit, for the credit of the English nation has since risen to even greater heights; and yet to-day we find that, like the owner of Lake Shore 3½'s, the holder of British consols faces a shrinkage in principal equaling more than twenty per cent from the high figures of a few years ago.

Superficially, money seemed easy for awhile. But it has at no time been really cheap. Prior to 1906 first mortgages were easily negotiable in all the Eastern centers on a four to four and one-half per cent basis; but ever since the panic year, six per cent money in this field has been far more easily placed, and to-day is in greater demand than ever. Commercial paper has not, for even the shortest periods, settled back to the bases of former times of cheap money, and there has been immense truth in the remarks heard from merchants during the past year that "there is plenty of money, the banks tell us, but we have to reach mighty high to get any of it."

I am fully aware that comparisons with former industrial periods are dangerous things to make, and that the point will be

immediately raised that special factors can be shown to account for the long periods of liquidation after the panics of 1873 and 1893. All of which may be true, but the fact remains that whether these periods had been long or short, they would have followed as the normal outgrowth of the burst of inflation which preceded them. When the foundations are removed from under the house, the house should logically fall, even though events may quickly follow to repair the wreck and set the building up again. But although we had a panic in 1907 and the foundations were apparently removed, the house has really never fallen. We have had no real period of liquidation; no abnormal drop in wages, no slump in commodity prices, no collapse in land values, and no return in the cost of money to the levels of other normal times.

Instead of this logical sequence of events, what do we find? As a concrete reflection of other things, let us take for example, the security markets. The fall in security prices in 1907 which was occasioned by the panic conditions, aggregated a truly enormous sum. At that time I was at some pains to ascertain what this vast decline might reach in round figures, taking into consideration practically all the corporate capitalization in the country. I found that on a total par value of about thirty billions of dollars, and a market value of twenty-seven billions, there had been a shrinkage of fully ten billions of dollars within the short space of ten months. In other words, while the corporate stocks and bonds quotable in this country enjoyed a market valuation of about twenty-seven billions in January, 1907, by the middle of November of the same year this valuation had shrunken to about seventeen billions of dollars. More than one-third of all the corporate values in the United States had disappeared in ten short months like a mist before the morning sun.

But the rebound in these valuations was immediate and spontaneous. No long period of low prices ensued, as has always hitherto been the case after a financial cataclysm, and it is entirely true that the "bull market" in active securities has continued without any important break from November, 1907, to the present date. To-day the security valuations as a whole are back to the levels of 1906 again, with this difference, they do not seem to be on the brink of a precipice, but rather only part way up the hill toward a distant summit.

This remarkable and uninterrupted rise in security valuations definitely reflects the trend in all fields of commercial effort. Industry has awakened in nearly every line, all trades are taking the optimistic view that they are entering upon a period of unusual activity. But the following difference must be noted between the two years' record of security quotations and the activity of business itself. While stock valuations have been steadily growing, business activity remained at a low ebb until within the past eight or ten months. The revival in production assumed its logical sequence as after other panics. It did not begin until a reasonable period of intense dullness had preceded it.

But just here is where the unusual situation comes in. After previous panics, the revival has never taken place except upon a level of low prices for commodities and a considerably lower wage scale, accompanied by the cessation of extensive liquidation of inflated land and other artificial values. In other words, the present period of business activity and advancing prices has started from its approximate high level of the ante-panic year and we are building upward from the roof instead of starting from the ground.

The thoughtful student can only regard this entire situation as unusual and unique. It cannot, in my opinion, be explained away in any touch-and-go fashion. There must be some underlying cause at work of more than ordinary nature to account for a situation which is absolutely new in economic history.

It is not merely the "spirit of speculation" which so thoroughly permeates the American people. This is not the cause; but it is one of the earmarks of the true cause. Let us probe a little deeper. Rising prices, rising interest rates, growing profits, stationary or moderately rising wages, increasing costs in every line, expanding values of realty and of legal benefits; they can all be traced largely to one general cause. This cause is not the "awakening of prosperity." We had all this phenomena present when prosperity was asleep; stock prices climbed steadily up while industry slept; commodity prices nearly maintained their levels or increased when the markets were glutted; realty values soared when they ought to have come down; money commanded its price when bank reserves overflowed.

Now either values are actually rising or the thing by which we measure them is shortening. I believe the latter to be the case.

The decreasing value of gold, due to its enormous production, is steadily depreciating the value of our money standard, and having an effect of far-reaching nature on our whole industrial fabric. Probably it is safe to say that the value of the gold dollar, in relation to other things, has declined to the extent of at least forty per cent during the past eight or ten years, and the trend is still in the same direction. This it is which has caused the unusual stability in commodity prices during the past two years; it has largely accounted for the maintenance of high valuations for real estate and steadily increasing costs in every line. It has tended to maintain interest rates at a higher level than was formerly normal, and is largely back of the remarkable advances in stock market valuations which we have witnessed ever since the close of 1907. For let it not be forgotten that the great rise in security values is found chiefly among the stock issues of unlimited dividend paying power, and not among high grade mortgages of limited income. The latter, in response to the prevailing strength of the money market, have never returned to the bases which they enjoyed a few years ago.

I believe that the banker, business man, student or ordinary observer who fails to give proper attention to this phenomenon, and undertakes to forecast coming events in business and finance without considering its effect, will be in danger of going far wrong in his calculations. We have not, in my opinion, entered a long period of prosperity similar to that which obtained from 1898 to 1907; we are not justified in expecting another ten or twenty years to pass before we have to face a recurrence of business disaster and panic. In fact, I do not believe we are justified in expecting, unless new signs appear on the horizon, a period of more than two or three years more before we will be in danger of facing a crisis far more serious and far-reaching in its effects than that of two years ago.

For if advancing prices and abnormally rising values mean anything, they mean speculation. They nurse the speculative desire as nothing else can; they divert effort from normal to abnormal channels. The "holding for a rise" is as potent an element of speculation in the dealings between merchants and their customers and between manufacturers and their buyers, as it is in the purchasing of wheat, cotton, stocks or real estate. And the more steady and intense the rise in prices, the more rapidly the fever of

speculation spreads, until, as is inevitable as long as consumption has its limit, the unavoidable crash arrives.

Barring this far-reaching factor, I think the present revival from the panic is healthy and sound. I do not think we stand in danger of any immediate set-back in industrial activity or in commercial fields as a whole. Rather I believe we may look forward to a continuance of rising prices for many months to come, increased railroad earnings with perhaps smaller profits relatively, due to the limitation of rates, phenomenal profits in some of the industrial fields and an unusual volume of business in most retail lines. But I also believe that we will witness a continuance of the upward trend in commodity prices, further high valuations for realty, advancing and higher interest rates; phenomena which in time must work the undoing of this peaceful period, and cause us to press for solution a factor which is robbing us of our future safety almost without our knowing it.

THE PRESENT SUPPLY OF FREIGHT CARS¹

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The usually accepted law of supply and demand applies no more to the supply of freight cars than to the supply of any other form of transportation. This is because the price of transportation—that is, the rate—does not vary. If this law of supply and demand applied to railroad work, when the demand for transportation was less than the supply the rate would fall until the demand increased or until the cost of producing transportation was reached. When the demand exceeded the supply the rates would rise until, under the stimulus of a high rate, the production of transportation would be quickened, and again the supply would meet a demand which might have been somewhat lessened by the increased rate. These fluctuations in price, so familiar to traders in all articles, do not occur in transportation. Freight rates are now stable, and when they do change, the slight changes made do not usually occur under the law of supply and demand.

The above statement I take to be axiomatic, but the facts are often lost sight of, because usually the supply of cars is greater than the demand. The business world takes it for granted that the car supply is adequate against all demands, and when a car shortage does come, it comes with a shock and as a surprise.

Everyone is used to receiving goods on tender of the price. So accustomed are we to the law of supply and demand that when, in trading, we tender an agreed price we feel we have a right to the goods. When people tender the agreed price for cars and do not receive the cars they feel shocked and even aggrieved, and too often they discuss the subject from the point of view of their grievance. Not infrequently they appeal to the law. Now, the common law enjoins carriers to make a reasonable provision of

¹This paper was prepared by the author for simultaneous publication by the American Academy and by the "Railroad Age Gazette." The Academy volume appearing somewhat later than its usual time of issue has caused the paper to be printed in the "Railroad Age Gazette" in advance of its publication by the Academy.—[EDITOR.]

vehicles, but only a reasonable provision.* It does not prescribe any excessive provision to meet an extraordinary demand, and it does not satisfy people with grievances. Attempts to modify the law so as to meet these grievances are not as yet general enough to demand attention here.

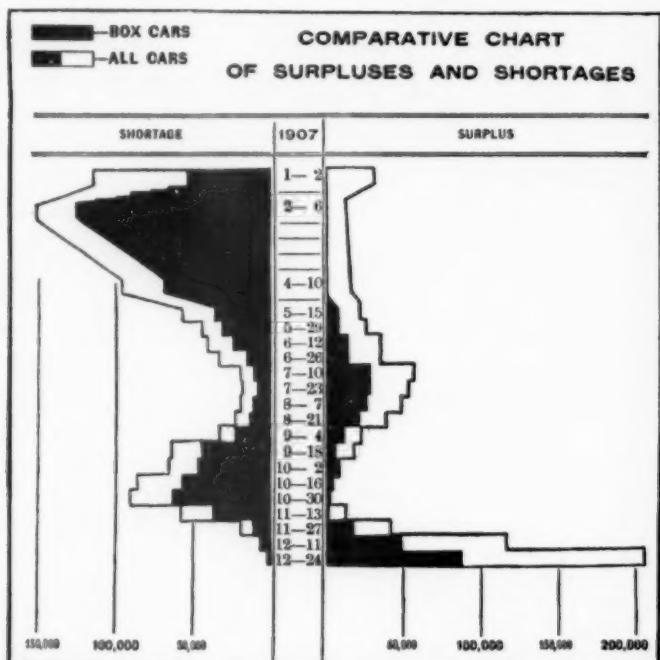
If it were practicable to apply the law of supply and demand to railroad rates, it seems possible that there would be more cars and other railroad facilities than there are now. Railroads, in the hope of profiting largely in periods of great demand, might be willing to take more risk in providing facilities which would be ordinarily unnecessary. In trades where the law of supply and demand applies, if only in a limited way—as in the hotel and livery business—the trader often feels justified in maintaining an unduly large number of rooms or horses, because he is repaid by high prices during a “rush season.”

Certainly, if the law of supply and demand affected railroad rates there would be few car shortages, and none of any extent or duration. An immediate adjustment of freight rates would keep the demand and supply approximately equal. This much is said only in explanation. There seems no prospect of any change in conditions which will subject the railroads to the law of supply and demand. It remains to consider the actual situation.

Here it will be found that the absence of the law of supply and demand aggravates the situation as soon as a car shortage appears. When the demand for a commodity in one locality so raises the price as to make it very profitable to supply the demand, the difference between freight rates from distant and from near points becomes a negligible quantity, and new sources of supply are opened up. The amount of the commodity available at these different points may become so great as to exhaust the car supply. When the car supply is once exhausted, the demand for cars is only limited by the imagination of the shipper. No increase in freight rates is possible to restrain this demand, and he is impelled to demand more and more cars by his certainty that he will make large profits if only he can somehow ship large quantities of his commodity. Of course, these profits will not accrue to him if all his rivals in trade can ship as well. Such over-shipments would break the market. But considerations of this kind do not avail with a man with a grievance and eager for profit.

This extreme demand for cars occurs, of course, only in times of car shortage, and chiefly from the producers of and the dealers in the great staples—coal, grain, ore, cotton, lumber and the like. For such commodities demands are often made on different railroads to supply cars to ship the same goods, causing an exaggeration of the demand which can hardly be estimated.

In a situation of this kind, all a railroad can do is to avoid unjust discrimination in its distribution of cars; and this is a very

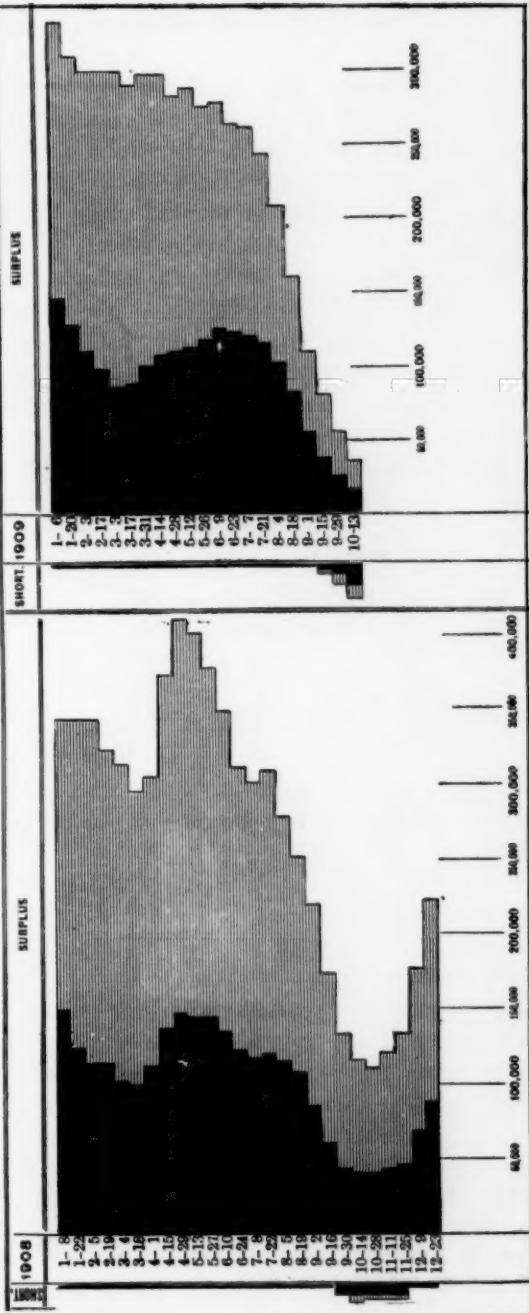


difficult thing to do. It has been said that in times of car shortage, the only way in which a railroad can treat all its patrons justly is to make them all equally dissatisfied—and there is much truth in the remark. The railroads, are, however, trying to form rules of car distribution which will justly meet any emergency. The Interstate Commerce Commission and the state railroad commissions are helping in their way, and the Supreme Court will be heard from at its coming session.

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**COMPARATIVE¹ CHART
OF SURPLUSES AND SHORTAGES**

— BOX CARS
— ALL CARS



Something can be done by the railroads to increase their car supply, by the purchase of additional cars. This, however, is not as easy as it looks. In times of car surplus the railroads feel justified in doing but little more than replacing their equipment which goes out of service, and the manufacturers of freight cars meet this situation by a reduction of their forces.

When a car shortage comes, the railroads at once order cars and the manufacturers promptly accept the orders; but it becomes a physical impossibility to supply cars as fast as they are ordered. The coming of a car shortage is only an indication of revival of industry and consequent full employment of labor, so that the manufacturers of cars have great difficulty in increasing their forces to meet the sudden doubling or quadrupling of the demand, and as a consequence deliveries of cars are very slow. On such occasions railroads have had to wait for their new cars for a year or more. This is not always an unmixed evil, for many roads are so well equipped with cars that they could not use more to advantage without an increase of facilities. Most of the roads would need an increase in the number of their engines to properly handle any considerable increase in their cars. All roads in times of car shortage have great difficulty in procuring competent help to man their trains, yards and shops. Most roads would be obliged to increase their track facilities, both in the yards and on the line, before they could use any largely increased number of cars to advantage.²

It will therefore be seen, as stated above, that all the railroads can do at once, when they are confronted by a car shortage, is to avoid discrimination, with all the difficulties, real and imagined, attending such a course. When the car shortage is an ordinary one, such as may be expected every year for two or three months, this seems all that can be expected under the present circumstances. It is only when the car shortage extends over a longer period, as occurred in the car shortages of 1906 and 1907, that it becomes practicable for the railroads to so increase their facilities that the supply will equal the demand without the help of a change of freight rates.

There is still another way in which railroads can increase the

²It should here be noted that in acquiring new cars and new facilities, and also when they increase their force, the railroads find the old law of supply and demand working against them. The price of cars and all other facilities rises rapidly, and so do rates of pay.

efficiency of their equipment so as to postpone or end a car shortage, and that is by moving their cars faster, by loading them heavier, and by avoiding the movement of empty cars when this does not involve undue delay. This means, of course, that there is opportunity for the railroads to improve their methods in general; but it is also a matter in which the railroads are very largely dependent upon the public. The railroads are very anxious to load their cars full. Certain shippers find it to their advantage to ship small lots of freight at carload rates. The railroads would be very glad to have all cars loaded and unloaded promptly. Some shippers find it to their advantage to take their time in loading, to take their time in unloading, and to store freight in cars.

As may be imagined from the above statement of the general principles involved in car supply and the general conditions surrounding it, a recital of the present situation on this continent, involving, as it does, half the railroads and half the cars in the world, is a matter of considerable difficulty. The reports, however, received by the American Railway Association for the latest date available—that is, up to October 13, 1909—indicate a total shortage on all the principal railroads, except one, amounting to 23,431 cars. The Interstate Commerce Commission reports that a ton moves, on an average, 242 miles. The American Railway Association reports that the car, on an average, now makes about seventy per cent loaded mileage. We may assume from these data that the average time of the round trip of a car is something over twelve days. To obtain this we use the best monthly record of the American Railway Association—27.2 miles per day.

As there are something over two millions of cars on the continent, the indications are that 185,000 cars are loaded every day, and this shortage of 23,431 cars is therefore a shortage of thirteen per cent. This means that thirteen per cent of the freights offered are delayed one day or more before they can be shipped. But this is all that this shortage means. It does not necessarily mean any restriction in production, except in those trades where absolutely no storage is provided before shipment. It is not a shortage which can be compared with the great shortages occurring in 1906 and 1907. It should also be remembered that the present shortages are only local, and that the car supply is ample in the regions and trades where car surpluses are reported; and further, that the rail-

roads are now doing probably as much business as they did in October, 1907, when the shortages reported amounted to over 90,000 cars, or fifty per cent of the shipments.

It is too early to fully explain how the railroads of the country are carrying this immense business with so small a car shortage, but this can be said: The number of cars in the country has increased in the last two years by nearly 200,000, and the average capacity of the cars is much greater than it was two years ago. Further, the railroads of the country, by increasing their facilities and by improving their methods, are able to give a better movement to their freight cars than they did two years ago. In this they now have the assistance—even if it be the reluctant assistance—of a large part of the public in the enforcement of demurrage rules, and this has undoubtedly increased the equipment available by hastening the loading and unloading of cars.

The present shortage appears to be on the increase, as will be seen by the accompanying chart. As noted above, it is not a net shortage. Although there are shortages reported on various railroads amounting to this figure of 23,431, there are surpluses reported amounting to more than this—namely, to 35,977. This surplus amounts to very little compared to the surpluses which we have had in the last two years; but it will be noted that the rate of decrease in the surplus is much slower than it was one and two months ago.

There are several reasons why this surplus is not used to fill the shortages. In the first place, the surplus cars are generally stored at considerable distances from the points where shortages occur, and not infrequently represent cars in transit to meet shortages. Second, the surpluses are often in one kind of car, while the shortages are in other kinds of cars. It is, of course, practicable, in an emergency and at additional expense, to use box cars for products which are ordinarily shipped in open cars, and vice versa. This occurred two years ago, but the present shortage is not yet sufficient to justify devices of this kind.

No survey of the situation is adequate without an indication of the prospects for the future, at least for the immediate future, and such indications are usually based on experience. Here we are somewhat at fault, for the records of car supply in the country only go back to January 1907. All prior records are local in their character. A summary of the records of the American Railway

Association is given herewith in graphic form. A comparison with the two prior years shown would seem to indicate that the shortages will not increase much longer, and the surpluses will increase very soon. It must, of course, be considered that the records for 1908 were made at a time when the business was much less than it is now; and the records for 1907 were influenced by the panic.

The indication of this record is largely confirmed by the recollection of railroad men of many October shortages which have been "cleaned up" between Thanksgiving and Christmas. On the other hand, many well posted men believe that the present increase in production will be maintained throughout the winter, and that we are about to face another long continued car shortage. With this view many railroads are ordering additional equipment.

Among the assumptions of this paper which may not be generally accepted, is the assumption that the railroads of the country have made adequate provisions for the average needs of the shippers, and the assumption that the periods of car shortage are comparatively infrequent. This view may not be accepted by railroads and shippers who have suffered so severely in previous car shortages that the long continued car surplus of the last two years seems to them exceptional. There are possibly railroads and shippers who have operated more months under a car shortage than under a car surplus, but this is very doubtful. Certainly, there are few shippers of freight in small lots who have had occasion to know that there has ever been a car shortage at all. The only shippers who can feel that they have really suffered in car shortages are the producers of and dealers in the great staples, and usually those staples most subject to the law of supply and demand and of which the price varies most. That there were great car shortages in the years 1906 and 1907 is denied by no one, but these shortages were wholly exceptional. The only shortage of similar magnitude was that which followed the anthracite coal strike of 1902, when the production of that staple was absolutely discontinued for such a long time that the efforts to supply the demand with a similar staple created an extreme shortage in cars and other things. Other car shortages are remembered, as in 1901 and 1887, but none of them compared with the car shortages of 1906 and 1907; and here we should remember that the increase in industry during those periods did not equal the increase in industry of 1906 and 1907.

It is hoped that the imperfections discovered in detail in this paper may be traced to the lack of evidence available on this very important subject. It is somewhat unfortunate that this attempt to deal with it must be made at a time when conditions are so rapidly changing. It seems, however, important that an attempt to give the present state of car supply should accompany statements of the present business situation. It is even more important that it should be appreciated that the railroads are alive to the situation and are striving to meet it, even after the untoward events of the last three years.

It must not be supposed that this paper is an attack on any principle of collectivism, as opposed to any principle of individualism or *laissez faire*. Experience has shown that unregulated competition between railroads is destructive, and it may well be urged that all the plans heretofore devised to meet this unbridled competition are based on collectivism. How far this principle should extend in railroad and corporate affairs is hard to say. The spread of collectivist principles, however, in the affairs of a country so thoroughly imbued as ours with the *laissez faire* doctrines of the two last centuries is bound to create friction, and any attempt to bring about a better understanding of such a problem as this of car supply should be useful.

BOOK DEPARTMENT

NOTES

Arbeitseinstellungen und Aussperrungen in Österreich, Die. Pp. 591. Wien: Alfred Hölder, 1909.

Ayres, L. P. *Laggards in our Schools.* Pp. xv, 236. Price, \$1.50. New York: Charities Publication Committee, 1909.

The investigation conducted by the Russell Sage Foundation into the backwardness of school children concludes that: (1) That the most important causes of retardation of school children can be removed; (2) that the old-fashioned virtues of regularity of attendance and faithfulness are major elements of success; (3) that some cities are already accomplishing excellent results by measures that can be adopted by all, and (4) that relatively few children are so defective as to prevent success in school or in life.

In reaching these conclusions several able chapters have been compiled dealing with the percentage of attendance in the different grades, sex and attendance, and nationality and attendance. Each of these chapters discusses fully the phase of one particular problem.

It is most interesting, after this brilliant showing of the causes of retardation and elimination as operating primarily in the upper grades, to have the author advocate a card-index system as a remedy for what he clearly shows to be at fault, the curriculum. Elimination from school is most noticeable after the pupils reach the age of twelve when they are required to take up a continuation of a wearily monotonous curriculum. The remedy clearly lies far deeper than a mere change in method of administration.

Baschurtz, K. *Die Organisation der Stadlischen Haus- und Grundbesitzer in Deutschland.* Pp. 206. Berlin: J. G. Cotta, 1909.

Benoist, Charles. *Pour la Réforme électorale.* Pp. 322. Paris: Plon-Nourrit et Cie., 1908.

This is a series of essays written at various times upon a subject that continues to be of great interest to the French electorate—the reform of the election system. This question the author believes is “at the beginning, at the center and at the end” of the problem of good government. The first part of the book is a polemic against present political conditions in France—in fact, these three essays were avowedly written to be used for political purposes. In the latter part of the work some of the chief remedies now advocated are reviewed in detail; they include the list system, proportional representation, corrupt practices acts, secrecy of the ballot, reduction of the number of representatives, etc. The author is an enthusiast as to what may be accomplished by these changes in machinery.

Bernhard, E. *Höhere Arbeitsintensität bei kürzerer Arbeitszeit.* Pp. 94. Price, 2.50 m. Leipzig: Duncker & Humblot, 1909.

Browne, J. C. *Parcimony in Nutrition.* Pp. 111. Price, 75 cents. New York: Funk & Wagnalls Co., 1909.

Dr. Browne has enlarged his 1908 presidential address to the section for preventive medicine of the Royal Institute of Public Health, England, into a book to warn the public of the dangers that lurk in the Chittenden and Fletcher heresy of low diet. He admits that Professor Chittenden's revolutionary results were obtained under the most perfect laboratory methods possible. He does not question them directly, but points out that it "conflicts violently with the orthodox physiological faith;" that it is Chittenden against the world which, beginning with mother's milk and coming down through the experience of history, has established things differently. "All the successful races have habitually consumed proteid far in excess of the Chittenden standard, and far in excess of what was required for tissue repair, and when we find a definite relation between proteid consumption and racial success there is good ground for believing that behind it there is biological law." Possibly the successful races have done many things that were neither causes of nor aids to progress. Dr. Browne's method of defence may be sound, but it would defend almost any new thing. He at least would have us feel that more evidence should be collected and proofs should be matured by more time before the Chittenden results can be finally accepted.

Buschkiel, A. H. *Das Kassen- und Zahlungswesen der staatlichen und kommunalen Behörden im Königreich Sachen.* Pp. 93. Berlin: J. G. Cotta, 1909.

Denison, T. S. *Primitive Aryans of America.* Pp. 189. Price, \$2.50. Chicago: By the Author, 1909.

One of the most fascinating riddles of ethnology is the source of the American Indians. The author believes that a careful study of the language of the Aztecs and kindred tribes reveals their early connection with the Indo-Iranians, and that the Aztecs, therefore, belongs to the Aryans. He offers in evidence a comparison of many words and phrases from the Indian language with the old Aryan roots. Whether further investigation will establish clearly his claim may be a matter of question, but any serious attempt to solve the riddle is to be commended.

Depreciated Currency and Diminished Railway Rates. Pp. 127. Philadelphia: Railway World, 1909.

Eastman, F. A. *Chicago City Manual for 1909*, containing names and official addresses of city officials with description of their functions. Pp. 291. Chicago: Bureau of Statistics, 1909.

Errera, P. *Le Congo Belge.* Pp. 26. Paris: V. Giard and E. Brière, 1908.

Forman, S. E. *Advanced Civics.* Pp. xvii, 456. Price, \$1.25. New York: Century Company, 1909.

Teachers of advanced classes are relying more and more upon collateral reading to visualize the subject for the student. The text should give

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numerous suggestions for further study. Advanced courses, too, must of necessity cover narrower fields than those which treat only "the elements."

Judged by these standards Dr. Forman's book falls short of the first requirement and attempts to cover too wide a field. There are only occasional suggestions as to where additional material may be found, and consequently the statements in the text, because of their brevity, sometimes convey an impression, if not false at least only partially correct. For example, in the discussion of the house of representatives it is stated: "Every bill must be duly discussed and must be disposed of in an orderly, decent way." Again, "The senate goes about legislation in a reposeful, dignified way. It does not have to hurry for it always has at least four years to accomplish its purposes." Anyone familiar with the present condition of congressional procedure would be badly misled by such sentences as these. If the discussion must be left so brief, the student should at least be shown where a more exact and adequate treatment may be found. The second criticism to be made is the broad field which the author attempts to cover. It is impossible to treat in these less than four hundred pages the topics usually discussed in texts on political theory, constitutional law, party government, charities and corrections, public finance, and general jurisprudence without making the discussion elementary and fragmentary. In spite of its defects it should be stated that the book is written in a very entertaining style and will, doubtless, lead many to an acquaintance with the subject it treats who would be repelled by more detailed studies.

Fuller, H. B. *The Speakers of the House.* Pp. xiii, 311. Price, \$2.00.

Boston: Little, Brown & Co., 1909.

Sketches of speakers of the House form the warp upon which most of this book is woven. It takes its color from other men. The first two-thirds especially are devoted to discussions which drift far from the speakership. Newspaper quality is in evidence repeatedly—"after heroic periods of national grandeur the state . . . embraces the repose of inertia." "The brazen age of commerce" and the "seductive atmosphere of distant Washington" make it impossible to "revel in the carnival of intellect" which the House offered early in the century. It will jar on many after being told that Clay "drank to excess," was morally loose and "seemed to . . . prefer the plausible to the solid," to read that "through an intervening century he stands out clearly the typical American."

The book improves decidedly when recent congressional history is reached. The author evidently has a good first hand experience of Washington. His discussion of the "Revolution" under Reed, puts that partisan contest in a new light. The estimate of Cannon and analysis of his power are well done. The recent changes in the rules of the House are also discussed. They will bring about but little change in Congressional procedure.

Garr, M. *Die Inseratensteuer.* Pp. 73. Price, 2m. Wien: F. Deuticke, 1909.

Gibson, T. *The Cycles of Speculation.* Pp. 187. Price, \$1.50. New York: Moody Corporation.

Goodnow, F. P. *Municipal Government.* Pp. ix, 401. Price, \$3.00. New York: Century Company, 1909.

Grant, P. S. *Observations in Asia.* Pp. xi, 141. Price, \$1.25. New York: Brentano's, 1908.

Mr. Grant made a trip around the world in company with Bishop Potter in 1899-1900. This series of side lights on the East gives us his impressions at the time. Chief emphasis is placed on the Philippine problem and the position of the missionaries in China. There are also several interesting chapters, descriptive of the journey itself. In the discussion of the Philippines there are many sweeping generalizations and contrasts which a decade has proven to be inaccurate or unjustified. The conclusions are too often based upon what happened to come to the notice of the traveler.

In the portion dealing with missions, however, the author is upon solid ground. The chapter on Christian missions and social progress is one of the soundest statements that have been made to justify missionary work in the East. "As a scheme of salvation attested by the miraculous, Christianity in the East cannot succeed." "Swapping miracles with a brown man or a yellow man is an unedifying business—as an Occidental, as a Christian, as a modern, then the missionary's appeal and justification to-day is visible social progress." Clean life, mental and physical; pure family relations; a just penal system and universal brotherhood; these are the things the missionary must emphasize in order to lead the Oriental to the larger meaning of Christianity.

Haines, C. G. *The Conflict over Judicial Powers.* Pp. 180. New York: Longmans, Green & Co., 1909.

This volume is one of a series of studies in history, economics and public law, edited by the faculty of political science of Columbia University. Its six chapters deal respectively with the judicial powers before the adoption of the federal constitution; the early conflicts over judicial nullification by federal courts; the extension of federal judicial authority; the conflicts over the extension of judicial authority; the principles of the Jacksonian democracy, and judicial powers from 1856 to 1870.

It is not to be expected that this subject of constitutional history could be exhausted within so brief a compass as 180 pages, so the author tells us that the said essay "is the outgrowth of a special study of one of the problems of constitutional law begun at Ursinus College in 1903 and is intended to serve merely as an introduction to a more exhaustive treatise."

It fully measures up to this purpose. While it does not attempt to discuss the principles underlying the conflict, it is an admirable and concise history of the conflict itself, as evidenced by the leading judicial decisions, executive messages, legislative debates and contemporaneous newspaper comments.

To the student who desires a general knowledge of the subject and familiarity with the arguments advanced by the strongest advocates, pro and con, this little book will prove of value. The author has been happy in his selection of material and is unusually clear and concise in statement.

Hall, Bolton. *The Garden Yard.* Pp. xv, 321. Price, \$1.00. Philadelphia: David McKay, 1909.

"The Garden Yard" is far more definite and helpful than either "A Little Land and a Living" or "Three Acres and Liberty," by the same author. The book deals specifically with soil fertility and methods of preparing land for intensive gardening. Each garden vegetable is taken up in turn, and a short discussion is given of its habits and growth, and the method best calculated to secure the largest returns from the cultivation.

After dealing generally with methods, the last portion of the book discusses specifically the production of the various crops. While planned along similar lines, the book falls distinctly below the standard set by such books as Bailey's "Principles of the Vegetable Gardening." In no cases does the author show better judgment than when he emphasizes the necessity of hard work if success in gardening is to be attained.

Hall, Bolton. *A Little Land and a Living.* Pp. 287. New York: Arcadia Press, 1908.

The book differs but slightly from the author's earlier work, "Three Acres and Liberty." In some cases even the chapter headings are similar and the grouping of the material is much the same. The book is very general and, in view of its declared object, might even be called discursive, covering all phases of agriculture from the buying of the land to the producing of the crop. There are sections on vacant lot cultivation; record yields of crops; soil tillage; the forcing of winter vegetables; the raising of live stock, fruit, vegetables, flowers; the proper buildings for a small farm, and finally a plan for the development of a sanitarium. "Three Acres and Liberty" was equally discursive and general, but while one such book is valuable, two books of such a nature by the same author are scarcely pardonable.

Hardie, J. K. *India.* Pp. xvi, 126. New York: B. W. Huebsch, 1909. One can but feel, in reading these interesting sketches, that the author went to India to criticise, yet there is so much current official praise of the English administration of India that we welcome any discussion from the other side.

Mr. Hardie finds that the "revenue" is a heavy charge upon India and that its increase is a cause of growing discontent. The government lacks human sympathy, the Indians are practically shut out of the higher positions, the English treat them with disdain, even drawing the color line on the railways. In addition many bad blunders, notably the partition of Bengal, have offended native feeling. As a result the Indian is disgruntled but not disloyal. Sedition, Mr. Hardie asserts, is a hobgoblin that exists only in the minds of officials. The system of taxation should be reformed—payments in kind should be restored; the military expenditure, now that Russia is no longer feared, should be cut down; public spirit, now repressed, should be cultivated. Above all "the government—lifeless, soulless and impersonal" should be given a touch of human sympathy and the Indian should no longer be forced to ask "Why will not the English trust us"?

Henderson, C. R. *Social Duties from the Christian Point of View.* Pp. xiii, 332. Price, \$1.25. Chicago: University of Chicago Press, 1909.

Horrocks, J. *Railway Rates.* Pp. 485. Price, 21s. London: S. Sonnen-schein & Co., 1909.

Jensen, C. O. *Essentials of Milk Hygiene.* Translated by L. Pearson. Pp. 291. Price, \$2.00. Philadelphia: J. B. Lippincott Company, 1909.

In these days all the world goes to Denmark to learn how the highest class dairying is done. The last to go was the late efficient and much lamented state veterinarian of Pennsylvania, who translated this book written by a professor in the Royal Veterinary and Agriculture College in Copenhagen.

"No food under ordinary conditions is so exposed to contamination, so easily contaminated, or so fosters contamination as milk, hence the necessity for the study of milk hygiene. . . . Microscopic and bacteriological examinations of milk show that a very large proportion of the city supply fails to meet even a moderate standard for cleanness, thus revealing the need for measures at the seat of production and during transit to prevent injurious contaminations."

This book was written for those persons who would produce clean milk and preserve its cleanness, and it places at their disposal the latest available information. The awakening interest is shown by the fact that this, the second and enlarged edition, was called for within a year after the publication of the first.

Johnson, Emory R. *Elements of Transportation.* Pp. xvii, 360. Price, \$1.50. New York: D. Appleton & Co., 1909.

Lewis, F. W. *State Insurance: A Social and Industrial Need.* Pp. 233. Price, \$1.25. Boston: Houghton, Mifflin & Co., 1909.

"There is a principle underlying this discussion which is briefly comprehended in the maxim that every man is entitled to a living, or, stated in other words, that he is entitled to a living wage for his labor." In these words, the author states the premise of his argument. A strong carefully worked up arraignment of the conditions surrounding the life of the modern wage worker follows this statement together with an excellent presentation of the functions of a modern state. The state must move cautiously and deliberately, but it must move in the direction calculated to conserve the welfare of the individual. "There is a feeling widely prevalent, though not often bluntly stated, that it is legitimate for the state to assume a paternal attitude toward certain worthy classes, to enable them in turn to take a similar attitude toward others. The practice of this theory has always wrought untold misery and wretchedness."

The author's discussion of the incidence of state insurance is by no means satisfactory. There is no more important question connected with the problem than who bears the burden of the tax, and the author throws aside the question by saying that of course the burden is not borne by the average taxpayer. His explanation of his position is, however, neither adequate nor satisfactory.

The conclusions of the book are by no means so competently drawn as one might expect from a reading of the chapters on the problem and functions of a state. The author concludes in favor of state insurance, but his conclusions lack definiteness and directness.

Low, A. M. *Protection in the United States.* Pp. 167. *CHOMLEY, C. H. Protection in Canada and Australia.* Pp. xiii, 195. *DAWSON, W. H. Protection in Germany.* Pp. 259. *MEREDITH, H. O. Protection in France.* Pp. 194. Price, 3s. 6d. each. London: P. S. King & Son.

These comprise a series of handy volumes under the editorship of W. H. Dawson dealing with the practical operation of protection in the countries named. Each volume is written by an expert. The volume on Protection in the United States is a study of the origin and growth of the American tariff system and its economic and social influence. Its treatment is historic; its style is popular, though its contents show a wide knowledge of literature on the subject on the part of the author. Mr. Low has written an impartial historical survey of protection in this country endeavoring merely to state facts, from which every reader can draw his own conclusions according to his prejudices or predilections. The other volumes in the series are equally popular in style but written from a somewhat different standpoint. In their treatment the authors have added a moral to their tale. One has the feeling that they are trying to prove a thesis.

Masten, V. M. *The Crime Problem.* Pp. 156. Price, \$1.50. Elmira, N. Y.: Star-Gazette Company, 1909.

The author is military instructor at the Elmira Reformatory and has had opportunity to study the criminal and the institutions provided for him. The first two chapters dealing in a general way with crime are rambling and incoherent. Apparently the author views immigration as the chief factor in our crimes, yet he notes that crime seems to be increasing faster in England than it is here. In the third and fourth chapters the English prison system is well summarized. Then follows a clear description of the system Col. Masten advocates for American primary and secondary industrial schools, reformatories, convict prisons. He makes a plea for houses of reception and some better system of employing prison officials so that there may be an incentive for good work. The subject matter of the volume is good and deserves attention.

Mathews, John L. *Remaking the Mississippi.* Pp. 265. Price, \$1.75. Boston: Houghton, Mifflin & Co., 1909.

Mathews, John M. *Legislative and Judicial History of the Fifteenth Amendment.* Pp. 126. Baltimore: Johns Hopkins Press, 1909.

This monograph follows a similar study of the Fourteenth Amendment. The study divides itself into chapters, on the growth of the movement in favor of the amendment, its formulation in Congress, congressional interpretation, adoption by the states, enforcement legislation and judicial interpretation. As in the case of the Fourteenth Amendment, it is shown that the intent of Congress was wider than the scope finally given to the amend-

ments by the courts. The later chapters especially present a clear view of the process by which the broad interpretation originally given was cut down by the higher courts through the series of cases extending from *McKay vs. Campbell* to *Williams vs. Mississippi*. The material used in the monograph is chiefly drawn from the congressional discussions and the court reports. The study is careful and its spirit is judicial.

Maybon, Albert. *La Politique Chinoise.* Pp. 268. Price, 4 fr. Paris: V. Giard et E. Brière, 1908.

Mr. Maybon presents an interesting series of studies of the shifting phases of Eastern politics which, though often elusive, are of first importance in international affairs of the present day. The survey covers the period from 1898 to May, 1908, and is divided into chapters treating the Manchu court, the conservative movement, the reformist school and the revolutionary party. All factors non-political have been omitted. The author has had at his command a wealth of untranslated Chinese documents which he has used with the greatest skill. His secondary references are to only the most reliable authorities. An extended personal acquaintance with China also gives the discussion weight. No recent monograph presents so well the present status of Far Eastern politics.

McCain, C. C. *The Diminishing Purchasing Power of Railway Earnings.* Pp. 111. New York: By the Author, 1909.

Misawa, T. *Modern Educators and their Ideals.* Pp. 304. Price, \$1.25. New York: Appleton & Co., 1909.

Mumford, Eben. *The Origins of Leadership.* Pp. 87. Price, 50 cents. Chicago: University of Chicago Press, 1909.

Leadership is considered first in its relation to the science of sociology and to the social process. It is discussed in both its innate and acquired aspects and its evolution is traced through the associations of some of the lower animals, of children, and, in particular, of hunting people, the main problem being to show its relation to the development of personality and the various institutions.

Leadership originates and centers about the problems, crises and changes in the conditions of the group-life and the leader may function either in the maintenance or change of institutions. The hunting type of life through its long duration has given us the fundamental patterns of association. Leadership in this type of association requires extraordinary keenness of the senses of sight and hearing, exceptional endurance, promptness of decision, superior ability in making motor co-ordinations, and direct, immediate, personal adaptation of the social habits of the group to new situations. Leadership is usually determined by purely personal qualities and by merit, for at this stage ownership of property, the principle of inheritance, and other aids to position in the group have not developed far. Institutions as distinguished from control by instincts or unanalyzed customs originate in the stimulating and inhibiting influences that arise through the conscious direction of social activity on the part of some superior individual or group of superior individuals.

uals. In most cases leadership among hunting people is temporary and poorly defined, but the more favorably located groups show beginnings of institutionalization of almost all the elemental social impulses and interests. In some instances in the expression of political interest, the principle of inheritance of rank and property is fairly well established. In the councils of the Australians and American Indians we have the beginnings of the various kinds of deliberative bodies of more highly organized societies.

In religion the clearness of the concept of the deities or preternatural leaders is in direct proportion to the degree of development of leadership and authoritative personages with definitely recognized prerogatives and superior personal attributes that make them stand out clearly from the other members of the group.

Munro, W. B. *The Government of European Cities.* Pp. ix, 409. Price, \$2.50. New York: Macmillan Company, 1909.

There is no subject in political science more intimately associated with everyday life than city government. Our own lack of success in the management of our urban populations also makes any study of means and results in other countries welcome. Professor Munro gives us in this book a study of French, Prussian and English cities. He has made the study a real contribution to the literature of comparative government by contrasting the systems of Europe with each other and with the general practice in the United States. French and German experience and practice are first discussed, each occupying about one hundred pages, then the latter half of the book is devoted to the government of English cities—a proportion justified by the greater importance of the latter to the American student.

Each section begins with a historical resumé bringing out the development of the present position of the city in the national life. The importance of the Revolutionary period in France, the Stein-Hardenberg reforms in Germany and the reformation of city government in England following 1835, are all well brought out. The newness of the city problem in Germany, the continuity of city life in England, "the classic land of urban concentration" receive extended attention.

Next follow analyses of the present structure and function of the systems of city government. We learn who the city authorities are, how they are elected, what are their powers and how these are exercised. Typical services are discussed in detail to illustrate the general practice in other departments. Paris and London are treated separately because of the exceptional arrangements in force due to the location of the national capitals within them. In discussing English cities it is brought out that the reform which has wiped out the corrupt governments of the first third of the nineteenth century was not accomplished by a change in organization, but chiefly by the new civic spirit that has made itself felt in the administration.

Numerous references to sources and secondary authorities throughout the book place additional material at the command of the student. At the end of the book also there is an excellent working bibliography.

Dr. Munro's book is the most important recent addition to the literature
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ture of comparative municipal government. It should be read by everyone interested in local government and its improvement.

Murphy, E. G. *Basis of Ascendancy*. Pp. xxiv, 250. Price, \$1.50. New York: Longmans, Green & Co., 1909.

Osborn, C. S. *The Andean Land*. 2 vols. Pp. xxviii, 643. Price, \$5.00. Chicago: A. C. McClurg & Co., 1909.

Pratt, J. B. *What is Pragmatism?* Pp. xii, 256. Price, \$1.25. New York: Macmillan Company, 1909.

In philosophical circles in recent years no subject has awakened more general interest than that which is known as "pragmatism." This volume is made up of half a dozen lectures given by the assistant professor of philosophy at Williams College to a summer group. The author endeavors to present to the ordinary man and woman the significance of this new philosophy, by showing that truth is not the hard and fast thing as formerly conceived, but is rather the outgrowth of certain relationships and varies, therefore, with individuals. The discussion is summed up under such headings as "Meaning and Method in Pragmatism," "The Ambiguity of Truth," "The Pragmatic View of the Truth Relation," "Pragmatism and Knowledge," "Pragmatism and Religion," with a final lecture on "The Practical Point of View." This so-called "practical point of view" is to make us realize that truth is a means to an end rather than an end in itself, that truth and knowledge are implements to be used for the achievement of a higher life.

Punnett, R. C. *Mendelism*. Pp. 112. Price, 50 cents. New York: Wilshire Book Company, 1909.

The greatest discovery in biology since Darwin's time and a discovery greater than his in its economic results is the newly-discovered law of heredity known as Mendelism, after its first discoverer, Gregory Mendel, an Austrian monk, who worked it out fifty years ago and cast it, an unappreciated pearl, before a world that saw not. It has been recently discovered simultaneously by four other men. In brief the law is this: The crossing of animal or vegetable parents differing in one or two qualities will result in offspring whose qualities will be a mixture of those of the parents in a proportion that can be numerically predicted and numerically verified. Plant and animal breeding henceforward become but a kind of manufacture in the hand of a breeder. Already a vast literature has arisen, but his little book is the gist of it. It is published with an introduction by that most ingenious socialist, Mr. Gaylord Wilshire, who would have us see that Mendel's law overturns some of the strongest objections to socialism.

Reinsch, Paul S. *Readings on American Federal Government*. Pp. vii, 850. Price, \$2.75. Boston: Ginn & Co., 1909.

Beard, C. A. *Readings in American Government and Politics*. Pp. xxiii, 624. Price, \$1.90. New York: Macmillan Company, 1909.

Contemporary accounts of important movements and events are being drawn upon more and more by educators to enliven the study of the social sciences.

These two excellent volumes are the result of the demand for compilations of extracts which shall place within small compass what could otherwise be obtained by the student only in the larger libraries and even there only by great expenditure of time and effort.

Professor Reinsch addresses himself exclusively to selections illustrating the processes of the central government. The extracts are almost without exception from first-hand authorities—the men who have exercised the powers they discuss. The "Congressional Record" is sifted to secure the most vivid expressions on public problems, chiefly of the present day. As is to be expected the discussions drawn upon are largely senatorial, since the house is no longer a distinctively debating body. Special emphasis is placed upon extracts showing the procedure in Congress and its defects—for example, the rules of the house and the recent developments toward a modification of the time-honored "senatorial courtesy." Outside criticism of the government is drawn upon only when the public debates fail to show the points to be illustrated. The plan adopted for the volume makes it especially useful for university classes where the student can be relied upon to reason out for himself the problems suggested by the debates.

Professor Beard's volume aims to cover a larger field in a smaller space. National, state, and municipal governments are treated, and many of the selections show the historical development of governmental powers rather than their present status. Necessarily, too, the extracts are shorter. They are so short in some cases that the setting is hardly made clear enough for the beginner. On the other hand this compactness keeps the point well in the mind, an advantage often hard to keep when the thought must be followed through the prolixity of a congressional debate. Professor Beard draws freely upon outside discussions of government, departmental publications, statutes at large, court decisions and campaign arguments. The selections are well suited to accompany an elementary course in government in either college or secondary instruction.

Schloss, D. F. *Insurance Against Unemployment.* Pp. x, 132. Price, 3s. 6d.

London: P. S. King & Son, 1909.

The author divides his work into a discussion of compulsory insurance and voluntary insurance against unemployment. In dealing with compulsory insurance, he cites but one illustration, that of St. Gall. However, in discussing voluntary insurance, he uses numerous excellent illustrations furnished by Berne, Venice, Cologne and a score of other European cities. The author's description of the insurance systems in vogue in these various cities is rather general but good.

The book is written from an English standpoint, and the conclusions, therefore, relate to the unemployment problem as found in England. The author favors a system of assisted voluntary insurance which must be national in character and organized by trades. While the arguments are not by any means conclusive, the book presents an excellent, brief discussion of the subject of insurance against unemployment.

Scott, W. D. *The Psychology of Advertising.* Pp. 269. Price, \$2.00.
Boston: Small, Maynard & Co., 1908.

Professor Scott's latest contribution to the literature on advertising must be regarded as an elaboration of his Theory of Advertising published some years ago. After reviewing the psychological principles which the advertiser should keep in mind in constructing his appeal, Professor Scott illustrates the uses and the applications of these principles in every day advertising work.

The volume is valuable for the concise and simple way in which many psychological principles have been stated, for the excellent illustrations taken from current advertisements of wide circulation, and for the presentation of the results of experiments made by the author upon his classes in Northwestern University. As a comprehensive treatise upon the subject of advertising, or a text-book for the use of classes in advertising, the book is by no means ideal. As a method of arousing the student's interest in the subject, of teaching him logical methods of investigation, and as a stimulus to the application of scientific principles to this art, it is without an equal at the present time.

Sinclair, U., and Williams, M. *Good Health and How to Regain It.* Pp. 302. Price, \$1.20. New York: F. A. Stokes & Co., 1909.

Sweet are the uses of adversity. Mr. Horace Fletcher was refused life insurance, and he started on a series of investigations of nutrition which has resulted in his well-known system of thorough mastication, reduced food, low consumption of proteids and increased health and vigor. Professor Irving Fisher, of Yale, had tuberculosis, with the result that he is doing splendid work in the great and much needed movement toward improved national hygiene. Messrs. Sinclair and Williams had respectively nervous prostration and tuberculosis and have investigated Messrs. Fletcher, Fisher, the work of Dr. Chittenden, at Yale, and of Metchnikoff, of Paris, who tells us that we may live to be 120 by the use of yogurt and the elimination of deleterious bacteria in the alimentary canal. They also investigated Kellogg and his famous Battle Creek Sanitarium where people recover on one vegetarian meal per day. The results of all this dietary and hygienic investigation are well summarized by Messrs. Sinclair and Williams, who tell how they put them into practice and regained their health.

Small, Albion W. *The Cameralists.* Pp. xxv, 606. Price, \$3.18. Chicago: University of Chicago Press, 1909.

Smith, C. Henry. *The Mennonites of America.* Pp. xviii, 484. Price, \$2.00. Scottdale, Pa.: Mennonite Publishing Company, 1909.

In this work the origin and the history of the Mennonite church and a description of the Mennonite people are given. The Mennonites have been a quiet rural people with little interest in government and the affairs of the world. They were the founders of the first German colony in America, and were numbered among the earlier pioneers of the West.

The author speaks of Menno Simons, the founder of the church in The

Netherlands; of the persecutions of these people on the continent; of their early settlements at Germantown, Pa., and at Pequea, Lancaster County, Pa.; of their friendly relations with the Indians; of their principles, culture, customs and literature, and of the development of their church.

As a historical work it is carefully planned and the facts well founded. Its value to students of social science lies in its clear analysis of the social life of a rural people.

Spiegel, L. *Die Verwaltungsrechtsurssenschaft.* Pp. 222. Price, 5.50 m.
Leipzig: Duncker & Humblot, 1909.

St. Maur, Kate V. *The Earth's Bounty.* Pp. 430. Price, \$1.75. New York: Macmillan Company, 1909.

This is an interesting and inspiring account of the way a city family went back to the land and succeeded after years spent in unconfessed failure in the quest of fame and fortune in many cities. The new life in the country was begun on a rented place with twelve acres of land, where three years of success demonstrated the ability to use more land, which was secured and the success was extended. Mrs. St. Maur is a sample of that class of most successful farmers who come from town free from bias of how grandfather did it, and have applied their brains to the business, and have sought light in that now large fund of printed material at agriculturists' disposal. The book is therefore partly practice and partly the result of scholarly investigation of the work of others. Its scholarly origin in combination with the previous city experience of the author gives the book at times a suburban tinge and fantastic touch which, however, does not keep it from being of interest to that large class in cities and elsewhere who would do well to follow the author's example.

Van Dyne, Frederick. *Our Foreign Service.* Pp. 316. Price, \$2.50. Rochester, N. Y.: Lawyers Co-operative Publishing Company, 1909.

Mr. Van Dyne's previous works on Citizenship and Naturalization are exhaustive legal treatises intended for study and reference. The object of this volume, by contrast, is to put in popular form a description of the organization of our foreign service and the duties of its officers. The style shows that the book is intended for the general reader or for him who is just entering upon a study of the subject. Two hundred pages of text are divided into four chapters which present a very readable discussion of the Department of State, Our Diplomatic Service, Our Consular Service, Citizenship, Expatriation and Passports. Each subject is brought well up to date by a discussion of the latest laws and department regulations. The last hundred pages are devoted to a select bibliography and appendices presenting the forms used in consular and diplomatic correspondence and a list of the officers of our present service abroad. In comparison with the space devoted to the text of the book the prominence given to these technical and changing subjects is disproportionate.

Zahn, F. *Die Finanzen der Grossmächte.* Pp. 144. Berlin: Carl Heyman, 1908.

Extreme care has been taken to make the comparisons in this monograph trustworthy. The material was originally collected under the auspices of the German government. Dr. Zahn compares the income, expenditures and debts of the nine Great Powers. The statistics cover the period 1893-1905. Especial attention is paid to the source of the revenues, the object of the expenditures and the amount of the public debt, central and local, in comparison with population and total national wealth. Germany is used as the standard of comparison. The main conclusions are: Public revenue and expenditures are greater in Germany than in the other states; public expenditures are rapidly growing in the empire especially for productive ends and for the military—though in this not so markedly as in France, Great Britain and Russia. There are still important unexhausted sources of income, especially tobacco, liquors and inheritances. Germany is in at least as good a financial condition as England

REVIEWS

Birdseye, Clarence F. *The Reorganization of Our Colleges.* Pp. 410. Price, \$1.75. New York: The Baker & Taylor Company, 1909.

The thesis of the author is simple, his suggestions few but far reaching. Our colleges, modelled after English schools, were at first practically homes for young boys in constant contact with their masters and under their control. Time has brought great changes. The boys are now older, have become young men, in fact, competent of self-government. The home idea is lost, students and faculty are no longer intimate and nine-tenths of the student's time is spent away from his instructors. The students' activities are not chiefly those of the classroom. Formerly college was a professional training school for ministers and a few others. Now it is a great culture medium for many others and a few ministers.

What is done, or to be done, to meet these changes? Very little has been done, the author says. Put the college on a business basis is the solution. Separate the executive and the pedagogical fields. Have a staff whose business it is to "follow up" these students and prevent failure. The teacher cannot do this. Study the "waste heap" as does the chemist of a factory. Systematize the work. Limit the students to the number for which present endowment is adequate. Pay decent salaries. Reward successful teachers. The fraternity houses are the model for the home life of the students and their success only emphasizes the colleges' failure. Athletic management is the model for the business reorganization. Learn from it.

Our colleges are no longer private home schools. They are great public institutions, quasi-state in fact, all more or less supported by public funds. Therefore the public must insist on adequate management and better results.

The author presents a great mass of evidence. No honest observer

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doubts that many changes are needed. This volume should be read by every member of every faculty and every trustee, whether the author's ideas are accepted or not.

From a literary standpoint the book is greatly marred by its redundancy. One gets wearied by having the same thought constantly presented. It must be remembered too that the picture drawn will not apply equally at all points and to all schools. This the author often says. For instance, in some colleges the finances are well managed.

Mr. Birdseye states that the chief duty of the college is to prepare for citizenship and therefore that the intellectual is not alone to be considered. Here he goes too far. It is no more the business of the college to prepare for citizenship than it is of the home, the public school, the church, or any other social institution.

The author may be too sanguine as to the benefits of the changes he suggests. Be this as it may, the time is surely ripe for improvement. Mr. Birdseye says political science is to be the backbone of the new college course. Does the fact that he is a lawyer color his opinion? Why study the state rather than other social institutions? In one respect he is right, the study of man, his history and his institutions is destined to supplant those studies whose roots as well as whose tops are in the air.

CARL KELSEY.

University of Pennsylvania.

Cleveland, F. A., and Powell, F. W. *Railroad Promotion and Capitalization in the United States.* Pp. xiv, 368. Price, \$2.00. New York: Longmans, Green & Co., 1909.

This work is distinctly the best of all recent contributions to the history of railroad construction. Its title is misleading, as it deals but briefly with many subjects which the reader would expect in a book on present day "Railroad Promotion and Capitalization." It is a concrete financial history of railroad construction in the aggregate, and it is the intention of the authors to treat present-day promotion and capitalization in a separate volume.

Fully and with authorities cited, the various factors which influenced the construction of the railway net-work are explained—the inadequacy of canals, and turnpikes, the embargo and war of 1812, the effect of early experiments and literature, the rivalry between competing ports and inland cities, traffic conditions, local, state and federal aid, private ways and means of procuring capital.

While the work is primarily historical, two chapters in particular dealing with promotion of to-day have been inserted. One of them contains a welcome discussion of a subject of which but little has thus far been written, namely, "financial institutions and syndicates as agencies of capitalization." The other deals with the "promotion of private companies." The views on investment, speculation and gambling expressed in this chapter are

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open to serious criticism. It is held that "investment is a capital venture which is entered upon as the result of calculative judgment. In principle speculation is gambling, the difference being a matter of law. The gambler or the speculator places a wager on the happening of one or more events, over which he has little or no control. In case the stipulated event does not happen according to the terms of the agreement, the speculator or gambler usually forfeits all right to the capital ventured, *i. e.*, he loses his margin or wager. . . . The stock speculator may not know even the location of the railroad or other enterprise whose stock is margined. The only facts before his mind are the market quotations of yesterday and today, his only hope is for a fluctuation in the price which will determine the wager or contest in his favor . . . Investment, on the other hand, carefully considers the industry, enterprise or security to be purchased. . . . From the point of view of general welfare, speculation and gambling are vicious."

The presence of gambling in the stock market and the trading on margins has doubtless confused the writer of these views. There is far greater difference between gambling and speculation than there is between speculation and investment. Gambling is a matter of blind chance, but speculation is as much a matter of calculative judgment and careful consideration of industry, as is investment. Gambling is a wager on prices, but speculation involves the purchase or sale of actual property. The bucket-shop keeper must be distinguished from the legitimate broker. Likewise, the idea that the purchase of stocks outright is investment, while the purchase on margin is gambling is fallacious. Any purchase made in the hope of a rise in price, whether for cash or on margin is speculative. The margin does not make it gambling any more than the operation of a grocery store on money partly borrowed makes it gambling. It is equally wrong to say that the speculator depends only upon market quotations while the investor studies fundamental conditions. Any purchase or sale for a rise or a fall in value is speculative. Pure investment depends upon the yield of the security in interest or dividends, and as soon as the investor is influenced by an expectation of gain through a future change in the security's value he becomes speculative. There are very few investors who are not also speculators. There is no similarity between gambling and speculation, but a very close connection between speculation and investment. Gambling is vicious, but there is nothing wrong in sane speculation.

This criticism in no way should detract from the historical treatment which makes up the bulk of the volume. It is an authoritative historical work of the highest merit. The abundant citations of consulted authorities give evidence of the vast amount of labor performed, and the bibliography is in itself a contribution to railroad literature. Every library and student of railway history should have a copy as a bibliographical reference and as an excellent history of railroad construction.

GROVER G. HUEBNER.

University of Pennsylvania.

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Coolidge, Mary Roberts. *Chinese Immigration.* Pp. 531. Price, \$1.75. New York: Henry Holt & Co., 1909.

Chinese immigrants have few defenders. Mrs. Coolidge has made a thorough study of the facts and her investigation leaves her champion of the Chinese. The discussion is careful, detailed, convincing, one that should be read by every student of immigration problems whether he agrees with all the conclusions of the author or not.

Public documents have so often been questioned as sources of information that it is not surprising to find abundant contradiction of their testimony here. Mrs. Coolidge shows that the information presented to Congress was in major part manufactured evidence. The Chinaman was made the victim of a "California for Americans" movement which had already driven out Chilenos, Mexicans and French. The outbursts of ill feeling against him were caused by economic pressures quite independent of his alleged competition with white labor. He did not take the job of the white man, but took the job the white man would not take—filled in, in labor which the white despised.

The legislation against the Chinese was inspired by the laboring class who, when periodically out of employment, due to seasonal occupations, hard times, or the completion of great railroads, blamed the Chinaman who by his adaptiveness was better able to weather the storm. Sharp and justified criticism is given our various exclusion laws and particularly their present administration. Even Californians now feel their injustice, the author asserts. "The Anti-Chinese cry no longer deceives anybody in the West. Certainly the time is not far off when the wave of Mongolian-know-nothingism will vanish." In view of recent events this is indeed sanguine. Even on the ground of assimilability the author regards the Chinaman as a desirable immigrant and good prospective citizen. He is much to be preferred to the former Irish and present Italian comers against whom every serious charge leveled at the Chinese can be justly made. Restricted immigration we should have, but one obtained by a horizontal exclusion to keep out the lower stratum, not by a perpendicular exclusion against any race.

This is one of the best studies of a race problem we have seen. It is optimistic, perhaps too optimistic at times, but the statements made are discriminating and the conclusions generally sound.

CHESTER LLOYD JONES.

University of Pennsylvania.

Davidson, J., and G. A. *The Scottish Staple at Veere: A Study in the Economic History of Scotland.* Pp. xii, 453. New York: Longmans, Green & Co., 1909.

This volume is another illustration, and a most welcome one, of the great difference, which exists between the history of North Britain and the history of South Britain. The neglect of Scottish history in America is re-

sponsible for the strange fact that American students, working on the comparative method, whether in law, or politics or economics, are always drawing parallels or contrasts between English and French or German or Spanish or Italian conditions and neglecting the more obvious use to be made of Scottish history. This has been particularly true so far in the field of economic history.

The student of English economic history is perfectly familiar with the workings of the English staple and, if he hears of a Scottish staple, assumes it to be the same kind of thing. "The English staple was developed in order to concentrate trade and with the object of facilitating the collection of customs duties" (p. 337, 338). "It was thus to a large extent a fiscal device" (p. 339). "The object kept in view was the increase of revenue, rather than the privilege of merchants or the general welfare of trade" (p. 340). "The exclusion of foreigners from the trade was no essential feature in the system" (p. 340). "In the Scottish staple on the contrary, the attitude to the foreign trader was one of rigid exclusion. The development of the nation's trade, or rather the prosperity of the merchant classes in the royal burghs, was the object kept in view by the Convention, and any participation in trade by unfreemen, by unfree burghs, or by foreign merchants, was regarded as taking away some portion of that trade, which, in the view of the Convention was the right of freemen of the free burghs." These quotations show the essential thesis of the book and draw out a very interesting contrast between English and Scottish economic history.

But, though the Scottish staple is the main subject of the book, the authors have dealt with the whole question of the organization of Scottish trade. In doing so they have brought out the importance of the Convention of Royal Burghs and its services and drawbacks to the development of Scottish prosperity. There is nothing like this in English history. Most interesting, though not of the same importance to the student, is the account given of the life of the Scottish mercantile colony at Veere or Campvere in the Netherlands, of their church and factory, of the powers of the Conservator, and the conditions of their existence. The book is well illustrated with views of old Veere and does honor to the industry and intelligence of the late Professor John Davidson of the University of New Brunswick and of Mr. Alexander Gray, who has completed the work from Professor Davidson's notes.

H. MORSE STEPHENS.

Berkeley, Cal.

Devine, E. T. *Report on the Desirability of Establishing an Employment Bureau in the City of New York.* Pp. 238. Price, \$1.25. New York: Charities Publishing Company, 1909.

This report considers the advisability of establishing an employment bureau on a business basis, but by philanthropic men whose purpose it is to make

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such a bureau a genuinely effective agency for the remedy of unemployment. The report reviews the attempts of both public and commercial employment bureaus to distribute labor and to find work for the unemployed. The inadequacy of these agencies is clearly shown, the former suffering from political interference and the latter being quite unreliable as well as disreputable to a considerable extent. Charitable employment bureaus have not been successful.

The report itself is very brief, the larger portion of the book consisting of appendices comprising material germane to the subject. The replies to letters of inquiry regarding the existence of unemployment and the need of such a bureau show how little accurate knowledge on the subject we actually possess at the present time. More information is a prerequisite for successful work of this character. The investigation of newspaper "want ads" brings to light very interesting information both in respect to the methods of advertisers and of newspapers, and the experience of an investigator in trying to get work illustrates the seriousness of the problem of unemployment during the last winter. "Trade Unions as Employment Agencies" is another valuable appendix. In fact the various appendices furnish very useful material for reference purposes on the general subject of unemployment.

The report favors the establishment of an employment bureau as outlined above. Its success is a question regarding which the reader must suspend judgment. Unless the hearty co-operation of laborers and employers can be gained and all distrust vanquished the experiment will hardly be satisfactory.

GEORGE B. MANGOLD.

St. Louis, Mo.

Holdsworth, W. S. *History of English Law.* 3 Vols. Pp. 1564. Price, \$4.00 each. Boston: Little, Brown & Co.

Various phases of English law have been the subject of detailed historical study but the lack of a general survey induced the author, the vice-president of Saint John's College, Oxford, to attempt this comprehensive work. Every student of comparative institutions will welcome the addition which the volumes make to our knowledge of English jurisprudence. The first volume, which originally appeared in 1903, sketches the framework within which the law acts—the courts and their jurisdictions during the various periods. Most constitutional questions in England have been fought out in the law courts and the political side has often been emphasized by the historians almost to the exclusion of the legal standpoint. Mr. Holdsworth emphasizes the juristic side of these cases to show the development of the laws as a system rather than their social-historical significance.

The last two volumes deal with the various branches of the law itself. Here the social and historical factors of necessity become more prominent. In part the treatment is chronological and in part by topics—

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where the latter method makes it easier to show the development of legal doctrine. The subject treated is so large that the history is not completed even by the thousand pages added by these volumes. The Anglo-Saxon and Mediæval Periods are discussed—also the later history of those branches of the common law which attained practically their final form in the mediæval period but the great body of legal development in modern times is still untouched. To cover even so large a field as that treated by Mr. Holdsworth, it has been necessary to make extended use of the monographic researches of other scholars. Indebtedness to other scholars, especially Maitland, is evident and acknowledged throughout the work. To the student of institutions the latter volumes are much the more valuable. The discussion of the way in which Roman law infiltrated into the English and the extent of its influence is exceptionally well done. The same is true of the shift from judge-made to statute law and the development of the law relating to land. Not the least valuable portions of the book are the detailed appendices in which the author has collected an excellent selection of documents to illustrate the early forms of wills, writs and conveyances.

CHESTER LLOYD JONES.

University of Pennsylvania.

Jones, H. *Idealism as a Practical Creed.* Pp. 299. Price, \$2.00. New York: Macmillan Company, 1909.

Not quite the idealism of Berkeley, nor of Kant, notwithstanding the Categorical Imperative; but a still more sublimated and spiritualized idealism than that of Hegel, even, whose teaching is so thoroughly assimilated by the author, an idealism made up of the teachings of Hegel and Carlyle, of Wordsworth and Browning; an idealism in which mind, that has so large a part in the idealism of Hegel, is dominated by spirit.

Wordsworth, expressing himself in the spirit of the writer of the one hundred and fourth Psalm, saw and felt God in all nature. "I have felt," he says,

"A Presence that disturbs me with the joy
Of elevated thoughts."

With Browning, "Love was the supreme motive of his art, and the principle upon which his moral and religious doctrine rests." Love he thought "the sublimest conception attainable by man—the one way in which he dares define his God;—a life inspired by love is the most perfect form of goodness, and is therefore at once man's absolute ideal of conduct, and alone the object worthy of his worship."

"There is no good of life but love."

From Browning's "In a Balcony."

And what is this but the idealism of the New Testament?—of St. Paul, St. John, of Jesus?—love, the fulfilling of the law, love, the greatest of all things. This love, this altruism, is not to be confined to one's own immediate family, kindred, or neighborhood. Let our desires and our aims

concern themselves with the social good, the good of the city and the state. "The measure of manhood," to quote from our author, "is the fulness and generosity of its interests. The diviner the man the wider the world for which he lives and dies. It does not matter what a man does or has, if the current of his life sets inward he is but a greedy animal."

Were the counsels of perfection so engagingly presented for our consideration in this volume only acted upon, this world would be a different sort of world,—indeed, a veritable Utopia.

Lovers of Tennyson will regret the lack of any note of his contribution to this idealistic philosophy. What visions of social life and civic duty in "The Golden Year," "Love and Duty," "Locksley Hall," and "In Memoriam!"

"Ah! when shall all men's good
Be each man's rule, and universal Peace
Lie like a shaft of light across the land,
And like a lane of beams athwart the sea,
Thro' all the circle of the Golden Years?"

MARY LLOYD.

Philadelphia.

Macfarland, C. S. (Ed.). *The Christian Ministry and The Social Order.*

Pp. 303. Price, \$1.25. New Haven, Conn.: Yale University Press, 1909.

This volume consists of a number of lectures on social questions chosen from a course in pastoral functions given at Yale Divinity School in 1908-1909. They deal with the relation of the minister to human society and indicate the definite, concrete tasks and problems which face the Christian ministry.

In his introduction, the author presents a plan for placing theological schools in touch with the life of the churches and of human society, by appointing men who are successful ministers in average pastorates, or labor and social leaders, as instructors to supplement the work of the regular professors. His two lectures, dealing with the relation of the ministry to the realization of democracy and to industrial organizations, demonstrate the opportunities for effective social work by the minister beyond the limits of his parish. Other discussions include the following: Trade Unions, by Henry Sterling and John Mitchell; Wage-Earners, by Rev. Edwin B. Robinson; Non-English-Speaking People, by Rev. Ozora S. Davis; The Rural Community, by Rev. Wilbert L. Anderson; The Ministry to Men, by Rev. Anson Phelps Stokes, Jr.; Mental Healing, by Rev. George B. Cutten, and Industrial Movements, by Rev. Frederick Lynch.

This work is a valuable contribution to social science, indicating the desire of modern theology for a comprehensive grasp of social problems by the ministry. It represents a movement among religious thinkers to enlarge the interests and activities of the Church by dealing sanely with social and economic conditions.

S. EDWIN RUPP.

Lebanon, Pa.

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McPherson, L. G. *Railroad Freight Rates in Relation to the Industry and Commerce of the United States.* Pp. 441. Price, \$2.25. New York: Henry Holt & Co., 1909.

There are several chapters in this volume of particular interest because of their wealth of information. Such are those on "The Transportation Charge and Prices," "Regional Rate Structures," "Commodity Rate Structures" and "Traffic Experts in the Employ of Shippers." Their main value lies in the extensive data which has been collected rather than in the deductions that are drawn.

The volume unfortunately lacks logical arrangement of the subjects discussed. It is confusing to read of the influence of the Interstate Commerce Commission in one chapter, of "traffic experts in the employ of shippers" in the next, of "the commerce of the cities" in a third, and then of the comparison between the carriers and the agricultural and manufacturing industries. Some chapters seem quite irrelevant, for, at least as treated by the author, they deal solely with commerce and trade methods and do not, as the title would indicate, show the relation between rates and commerce. Other matters intimately related to the subject are but briefly touched upon. Nine pages, for instance, are devoted to the entire subject of rate wars, pools and traffic agreements and four pages are devoted to the private car system. The subject of "early rivalries and the beginnings of through service" is disposed of in eight pages and of these only one paragraph is devoted to all the fast freight lines of the present.

The author accepts practically all present day practices as correct. The regional and commodity rate structures, for instance, are extensively outlined, but are accepted part and parcel because they were thus evolved by the railways. Nothing is said of the early abuse of fast freight lines and nothing of the abuse of private car privileges. The customary railroad view, that the early failure of the Interstate Commerce Commission to overcome certain evils was due not to lack of power but to the wasting of time in "the laying down of general rules," is accepted. Rebates and favoritism, it is held, injured individual shippers in competition with their "shrewder rivals," but did not retard the industry and commerce of the country. In no instance does overcapitalization affect the rates of the shipper. Rebates to-day have "admittedly ceased to exist."

The author very correctly points out that business considerations have been the leading factor in the making of freight rates and in the inauguration of many traffic practices. But to disregard wholly the existence of other more artificial and sometimes personal forces may lead the reader astray. In the aggregate the rate structure as made by business considerations is equitable and reasonable and the carriers may justly be commended for services rendered; but it is none the less true that unfair rates and practices have existed and have required public correction.

G. G. HUEBNER.

University of Pennsylvania.

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Münsterberg, H. *Psychotherapy*. Pp. 401. Price, \$2.00. New York: Moffat, Yard & Co., 1909.

The mind may be regarded from two points of view. It is a willing subject. This is the basis of literature, art, religion. But the mind is also an association of objective facts to be explained. This is the field of psychology. Psychotherapy has the same relation to psychology that engineering has to physics. Psychology knows no indescribable elements. Volitions, emotions, etc., are all complexes of sensations. Psychology is a definite science because mental facts are parallel to brain facts, and in this way they can be scientifically described. There is no purely mental disease. Psycho-physiology is the physician's point of view. There is nothing abnormal about suggestion. There is no action which has not its opposite. Full vividness belongs only to those sensations whose channels of motor discharge are open. Actions are inhibited when their motor channels are closed. This takes place when opposing channels are held open. Suggestion proper exists only when resistance has to be overcome. No one can be hypnotized against his own will. Any one may be provided he is willing to enter into this play of imagination. To hypnotize, except in the interest of health, is criminal. The subconscious is a disposition of the physiological centers. This definition suffices for normal life, and there is no reason to change it when dealing with the abnormal. This view makes no less of suggestion and hypnotism.

The statement that every mental process involves a brain process does away with appeals to psychotherapy as proving the subconscious or the triumph of the mind over the body. Psychotherapy has no contempt for drugs. It is not a question of morals or of philosophy but of experience. Religion as a sense of a larger will often inhibits disturbances and favors health where central inhibitions interfere with the normal functions of the organism. But for psychotherapy religion must fall in line with other mental processes whose relation to health must be determined by experience. Psychological symptoms are only a fraction of the disease. It is not the function of the clergy to understand disease, physical or mental. Religious emotions often upset the equilibrium of the nervous system. Psychology is the most immediate need of the medical curriculum. Hypnotism is not as injurious as morphine or Roentgen rays. But such diseases as hysteria are not intelligible without psychology. The physician must know psychology for emotions, etc., affect the blood supply as well as drugs.

J. DASHIELL STOOPS.

Iowa College.

Noyes, A. D. *Forty Years of American Finance*. Pp. 418. Price, \$1.50. New York: G. P. Putnam's Sons, 1909.

In 1898 Mr. Noyes published his interesting and serviceable narrative of American financial history for the period 1865 to 1897. His new book is the older work rewritten with a continuation of the narrative down through the panic of 1907. Mr. Noyes notes in his preface that he has made no

important changes in the facts and conclusions found in the earlier book, except that in his later work he does not ascribe to John Sherman sole authorship of the Resumption Act nor responsibility for its defects. (p. 27.)

After a very brief treatment of the Gold Standard Act of 1900, the author begins the new part of his book with a chapter on the tremendous industrial boom which marked our recovery from the effects of the panic of 1893. The remarkable and significant increase in the world's output of gold, the marked rise in prices, especially of agricultural products, between 1897 and 1900, the victory of the gold party, the Dingley tariff, the "American Invasion," railway reorganization, the Spanish and Boer Wars are dwelt upon in this chapter. The amalgamation of companies, the manipulation and multiplication of new industrial stocks, and the rich man's panic of 1903, are factors of the chapter on the speculative mania of 1901. The advancing cost of living, the growing strain on capital, the financial significance of the Russian-Japanese war, high money rates and predictions of impending disaster, trust manipulators, the New York life insurance investigations, the Northern Securities case, the \$29,000,000 fine, and the Hepburn law, are the subjects found in the next three chapters. The book closes with an interesting twenty-six page exposition of the panic of 1907.

Mr. Noyes has necessarily taken up a large number of factors bearing on the financial period 1896 to 1907, in his one hundred and twenty-four moderately sized pages; many would prefer a fuller discussion of some of these factors, others will perhaps be glad of the author's brevity. However that may be, Mr. Noyes has written a very interesting and serviceable narrative of a period of American finance marked by movements and events full of the greatest significance to the American people.

RAYMOND V. PHELAN.

University of Minnesota.

Peyton, J. H. *The American Transportation Problem.* Pp. 204. Price, 50 cents. Louisville: Courier Journal Publishing Company, 1908.

This book deals exclusively with the movement for improved inland waterways. The author begins his arraignment by charging that the movement is "based on prejudice and lack of information as to actual transportation conditions and developments." This prejudice, he claims, is due largely "to the misrepresentations by venal demagogues and socialistic agitators who obtain office and preferment by stirring up bitterness and hatred between different classes of society." To brand the friends of inland waterways, many of whom are wholly removed from politics and some of whom are prominent railroad men, with such intentions at once discloses the bias which pervades the whole book. The modern improvement of inland waterways he likens to the South Sea and Mississippi Bubbles; the plans of engineers favoring reservoirs, he says, "though amusing, grow wearisome in the superabundance of absurdities." European waterways and government railways he pronounces unqualified failures, upon the authority of Hugo R. Meyer, who,

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after "twelve years of investigation and profound study . . . adduces conclusive proofs" to that effect.

Mr. Peyton is wholly beside the point when he says that the movement for waterways is one of "demagogues, muck-rakers and agitators." There is no desire to harm the railroads, but to promote both railroad and water transportation, the latter to supplement the former in the carriage of certain classes of freight. The book is the most violent arraignment of inland waterways thus far written, but is written in such a jocular tone that it will perhaps never exert much influence.

G. G. HUEBNER.

University of Pennsylvania.

Pickett, W. P. *The Negro Problem.* Pp. x, 580. Price, \$2.50. New York: G. P. Putnam's Sons, 1909.

Moved, doubtless, by his admiration for Lincoln as well as by the desire to profit by his authority, the author uses as a sub-title "Abraham Lincoln's Solution." The frontispiece is an excellent photograph of Lincoln and in the text some little space is given to telling of Lincoln's attitude.

The author, a northern lawyer, has taken pains to read a good part of the literature on the subject. His thought is clear, his style good. The wide range of quotation and historical sketches add much to the interest of the volume. Of first hand knowledge of existing conditions there is no evidence. Mr. Pickett states that the "white man and the negro are at opposite extremities of the scale. In physical, mental and moral traits they are as far apart from each other as the poles." Present inferiority of the blacks is evident. There is an "absolute unassimilability." Race antipathy is an "insuperable barrier to the negro's progress."

This attitude of the whites Mr. Pickett does not discuss. In his judgment it is a permanent feature. Whether the inferiority be physical or social matters not. In America the negro can never become part of us. Industrial, business, political equality involve social. The last cannot be—hence no chance for the others. Thus the superior group limits the progress of the inferior and the reverse is equally true.

What can be done? Present policies ineffective. The progress of the negroes invites trouble—does not ward it off. There is but one way. Gradually ship the negroes to some other land—any warm region outside the United States—where, unhindered by the whites, they may work out their fortune. One hundred million dollars a year for some forty years and all is over. That there are tremendous difficulties the author sees—he may even consider them insuperable—if so, he will agree with the reviewer. Nevertheless, the plan deserves some consideration.

The author's tone is balanced, his attitude very fair. He deprecates, as does every student, certain great and obvious evils in our life as a result

of the negro's presence. His statements are generally accurate, though lack of personal observation leads him into some errors of judgment.

CARL KELSEY.

University of Pennsylvania.

Van Rensselaer, Mrs. S. *History of the City of New York in the Seventeenth Century.* Two vols. Pp. xl, 1173. Price, \$5.00. New York: Macmillan Company, 1909.

Author, publishers and public have cause for felicitation on the completion of these handsome volumes giving us a satisfying history of the first century of the imperial city on Manhattan. The first volume deals with its career under the Dutch. With much but not excessive detail the causes and modes of the settlements are shown; the organization of the superior and local governments and the infinite complications and irritations arising between the home and colonial authorities are lucidly set forth; the clashes of local factions and the collisions with New England and New France are effectually exhibited; and the welter of futilities due to the "dull short-sightedness" of the paternal government under the divers governors is convincingly portrayed. In the second volume we are shown the causes and courses of the reorganization under the English, the autocratic and uneven rule of the royal governors, the predominance of European considerations, the growing popular discontent that culminated in Leisler's stormy career. The narrative closes with the latter's execution. While the author's major theme is the political history of the city, yet much attention is given to developments in industry and trade, to religious matters and to the social customs of the people. The persistence of sundry notable families and their continuous prominence in the life of the city and state and frequent references to present-day families give a personal touch to the narrative.

In passing judgment on the manner in which the author has accomplished her task one might easily fall into the pit of panegyric. Every page of the history demonstrates that her recital is the issue of extensive, minute and critical studies of documentary sources. She subjects tradition and the various contradictory claims of chroniclers to sharp scrutiny. She may entertain strong partisan views, but if so they are kept in check. Upon moot points there is a noteworthy fairness, fulness and frankness in the gathering, sifting and presentation of evidence and judicial caution in expressing conclusions that secure confidence in the efficiency of her investigations and the correctness of her findings. The style is engaging—calm, direct, lucid, forceful, solid, with no fine writing at all. With such masses of data assembled, the crispness and compactness of the exposition, the skilful weaving of numerous bits of extracts into a vigorous, easy-flowing narrative, implies masterful compression in composition. If the volumes to follow fulfil expectations thus created we shall have indeed a *magnum opus*.

F. I. HERRIOTT.

Drake University, Des Moines.

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Vernon, Mrs. H. M. *Italy from 1494 to 1790.* Pp. viii, 516. Price, 5s. 6d.
Cambridge: University Press, 1909.

This book is not up to the high standard of most of the other works in the series to which it belongs. It purports to deal, as its title implies, with the history of Italy from the invasion of Charles VIII of France to the beginning of the Revolutionary era, and the author tells us in her preface that she proposes to lay stress on the period after 1559 "about which it is difficult for the ordinary reader to obtain information." But the implied promise is scarcely fulfilled. Nothing is more needed, for instance, than a clear and scholarly description of the administration of the Spanish dependencies in Italy in the last half of the sixteenth and seventeenth centuries, and in a book like this one has a right to expect it. Instead we find in Chapter III a scrappy and often inaccurate collection of data on this topic, which is clearly inferior to the account in Ranke's "Die Osmanen Monarchie und die Spanische" and, by the way, are we to assume that Mrs. Vernon is ignorant of this classic work, or are we expected to recognize it under the title of "History of the Latin and Teutonic Nations from 1494-1514," which appears in the bibliography? Tommaso Campanella is certainly worth more in a work of this scope than the dozen lines allotted to him on page 284. The account of the Papacy and administration of the states of the church would have been enormously improved by a perusal of Herre's "Pabstthum und Pabstwahl im Zeitalter Philipps des Zweiten" of which there is no mention; his "Evropäisch Politik im Cypriischen Krieg," on the other hand, is scarcely sufficiently near to the subject of this work to merit the place it holds in the selected bibliography.

Of actual errors of fact there are few, though minor inconsistencies and infelicities in nomenclature abound; but the work as a whole gives an impression of being patched together, of lack of unity, and of absence of historic background. It will doubtless serve a useful purpose in giving the English-speaking student who is ignorant of continental languages a tolerable hand-book for a period of which he otherwise would have to remain in ignorance, but it cannot for one moment pretend to rank with the standard French, German, or Italian authorities.

ROGER B. MERRIMAN.

Harvard University.

War in the Far East. By a military correspondent of the "Times." Pp. 656.
Price, \$5.00. New York: E. P. Dutton & Co.

Though this book was written from daily reports sent to the "Times" during the Russo-Japanese war, it remains the best account of the conflict from the Japanese side that has yet appeared. England's ally is consistently upheld, but the partisanship is not an unreasoning one and the author does not hesitate to give praise to Russia and the Russians when it is due. Then, too, there is a certain glow about the reports coming, as they do, direct from

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the field of action, which makes much otherwise detailed reading have an absorbing interest.

England and Russia, so the argument runs, are in unalterable antagonism. "The firmest bond that unites England and Japan is the mutual distrust . . . of Russian policy." Japan, England and the United States must stand together for the open door. Japan is the most ardent champion of this principle and is the most sincere protector of China. The war was all important for the island empire. "After all, Russia is fighting for its dinner and Japan for its life."

The war operations are reviewed in detail. Like most writers, the author underestimated what the Russians could accomplish with the Trans-Siberian, and therefore did not foresee the importance the war was to assume even after the disaster to the fleet. "How is the Russian camel to pass through the eye of the Trans-Siberian needle." Russian unpreparedness is criticised, the Port Arthur experience is held to show that fortresses may quite as often be a source of weakness as of strength.

The battle descriptions are vivid and clear. A wide command of history, especially from its military side, enables the author to draw comparisons with past experiences, especially the Boer and Crimean wars, which will be valuable to the tactician as well as to the historical student. Mr. Percy Fisher's maps of the campaigns are admirable. The author is highly to be congratulated on his success in securing the use of these drawings which make every move in the campaign intelligible. The book closes as it begins with a warning to England. The performance of the Trans-Siberian is held to be the greatest of proofs that Russia could threaten England in India and that the two countries by opposition of interests must remain natural enemies.

Public opinion and international policies have shifted since the war and perhaps if the book were written to-day the viewpoint would be changed. Japan is no longer the most sincere advocate of open-door principles and the treaty of 1907 seems to indicate that the English foreign office does not think an Anglo-Russian *entente* an impossibility. In its presentation of facts and reviews of historical analogies the book is highly to be commended.

CHESTER LLOYD JONES.

University of Pennsylvania.

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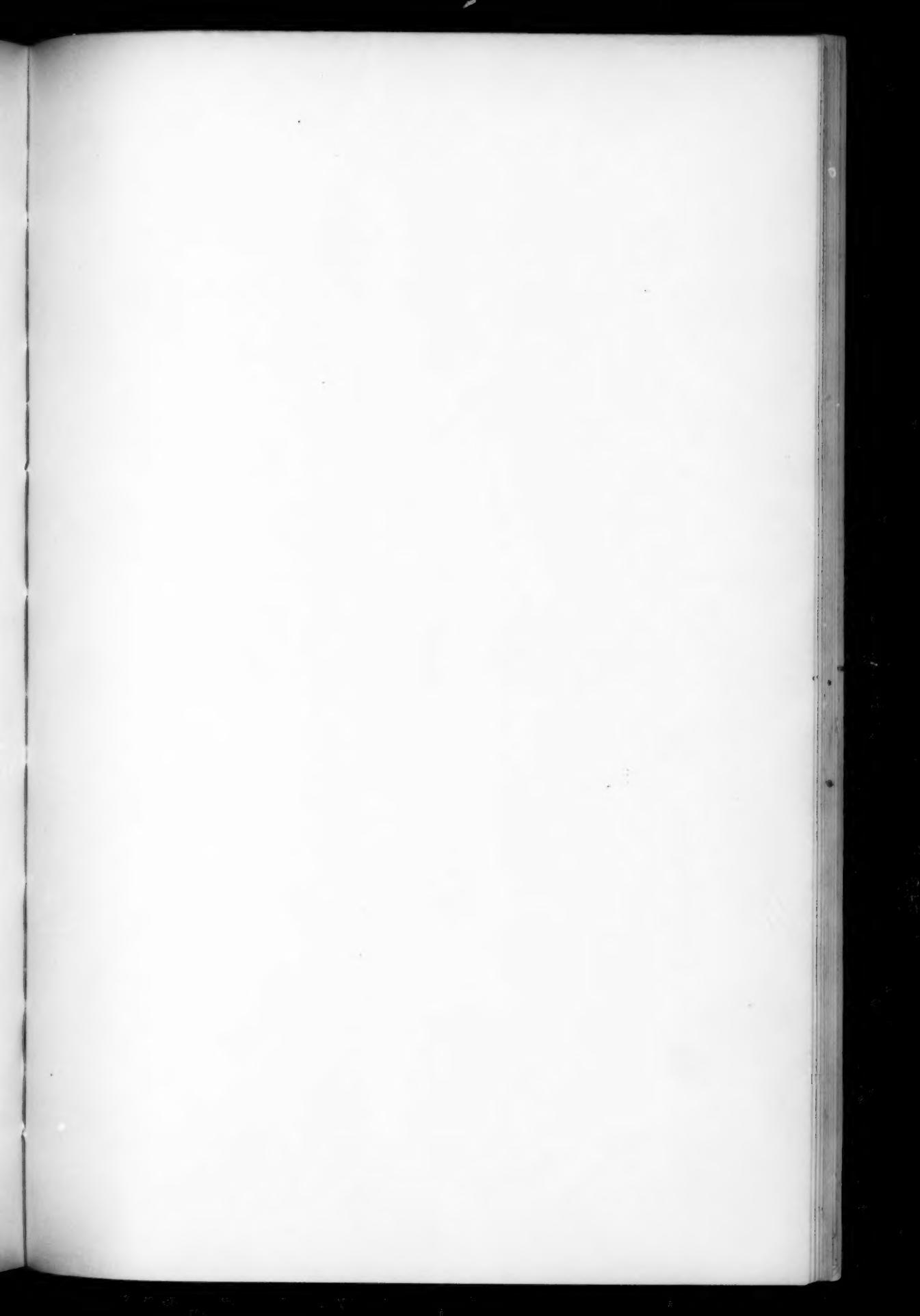
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SUPPLEMENT TO
THE ANNALS OF THE AMERICAN ACADEMY OF POLITICAL
AND SOCIAL SCIENCE
JULY, 1909

**The Consumer's Control of Production:
The Work of the
National Consumers' League**

PHILADELPHIA
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1909

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NATIONAL CONSUMERS' LEAGUE

Tenth Report, for Two Years ending March 2, 1909.

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CONSTITUTION

ARTICLE I

NAME.

The name of the Society shall be the National Consumers' League.

ARTICLE II

OBJECT.

It shall be the special object of the National Consumers' League to secure adequate investigation of the conditions under which goods are made, in order to enable purchasers to distinguish in favor of goods made in the well-ordered factory. The majority of employers are virtually helpless to maintain a high standard as to hours, wages and working conditions under the stress of competition, unless sustained by the co-operation of consumers; therefore, the National Consumers' League also proposes to educate public opinion and to endeavor so to direct its force as to promote better conditions among the workers, while securing to the consumer exemption from the dangers attending unwholesome conditions. It further proposes to promote legislation, either state or federal, whenever it may appear expedient. The National Consumers' League further recognizes and declares the following:

That the interests of the community demand that all workers shall receive fair living wages, and that goods shall be produced under sanitary conditions.

That the responsibility for some of the worst evils from which producers suffer rests with the consumers who seek the cheapest markets, regardless how cheapness is brought about.

That it is, therefore, the duty of consumers to find out under what conditions the articles they purchase are produced and distributed, and insist that these conditions shall be wholesome and consistent with a respectable existence on the part of the workers.

ARTICLE III

MEMBERSHIP.

Section 1. *Eligibility*—There shall be five classes of members: State League, Individual, Associate, Sustaining and Life. Any

State Consumers' League may become a member of the National League by accepting the Constitution and By-Laws, and by paying its quota to the general treasury. In any state in which there is no State Consumers' League the President shall appoint a State Organizer, who shall carry on the work of the organization and who shall become ex-officio member of the State League for the remainder of the year in which such new League may be formed. Persons residing in localities in which there is no State or Local League may become Individual Members of the National Consumers' League by paying a yearly due. They will receive reports, but will not have the privilege of voting.

Sec. 2. *Dues*—Each State Consumers' League shall pay to the Treasurer of the National Consumers' League, before the first of each January, for the ensuing year, the sum of ten cents per capita for each and every member of each and every Consumers' League affiliated with it. Each new State Consumers' League shall pay to the National Consumers' League a minimum sum of ten dollars. Each State Organizer shall pay to the Treasurer of the National Consumers' League the sum of one dollar each year. Individual members of the National Consumers' League shall pay a yearly due of not less than one dollar. Any person may become an Associate Member by paying five dollars annually, or a Sustaining Member by paying twenty-five dollars annually. The payment of one hundred dollars at one time constitutes Life Membership.

ARTICLE IV

OFFICERS AND COUNCIL.

Section 1. The officers of the League shall be President, three or more Vice-Presidents, Recording Secretary, General Secretary, and Treasurer.

Sec. 2. The control and management of the affairs and funds of the National Consumers' League shall be vested in a central governing body, which shall be known as the Council. The membership of the Council shall consist of the officers of the National Consumers' League and representatives from the State Consumers' Leagues. The officers of the National Consumers' League shall be elected by ballot at the annual meeting. A Nominating Committee, appointed at the previous meeting, shall prepare a list of

nominees to each office, and the ballot shall be sent to each State Secretary in the January preceding. Any State League may propose names that shall be printed on the list. The officers and *two* representatives of each State Consumers' League shall constitute the Executive Committee of the Council.

Sec. 3. *Election*—At the annual meeting of the Council the officers of the National Consumers' League shall be elected to serve for the ensuing year.

Sec. 4. *Vacancies*—A vacancy in any office may be filled by the President, with the consent of a majority of the officers.

ARTICLE V

MEETINGS.

Section 1. The annual meeting of the Council shall be held on the first Tuesday in March, or on the following day, when the first Tuesday is a legal holiday.

Sec. 2. The Executive Committee shall meet annually before the annual meeting of the Council, and shall prepare a report of the condition of the National Consumers' League to submit to the annual meeting of the Council. It shall also meet at such other times as shall seem necessary, to appropriate money and transact routine business. It shall further make such recommendations and suggestions as may from time to time seem desirable.

Sec. 3. Special meetings may be called at any time by the President or by a two-thirds vote of the Executive Committee.

ARTICLE VI

AMENDMENTS.

This Constitution may be amended by a two-thirds vote at any annual meeting of the Council, notice of such amendment having been submitted to the Secretary of the various State Consumers' Leagues at least two months before the annual meeting, or by a unanimous vote at the annual meeting of the Council.

BY-LAWS

ARTICLE I

DUTIES OF OFFICERS.

Section 1. *President*—The President shall be ex-officio a member of all committees; shall sign all written obligations of the League, and shall perform all such duties as usually pertain to that office. In the absence of the President his duties may be performed by the Vice-Presidents in their order; or, in the absence of the Vice-Presidents, a chairman may be elected for the occasion.

Sec. 2. *Recording Secretary*—The Recording Secretary shall attend all meetings of the Council and of the Executive Committee, and shall keep the minutes of the League and the Executive Committee.

Sec. 3. *General Secretary*—The General Secretary shall give notice of the time and place of meetings, inform new members of their election, keep a list of all State Leagues belonging to the National League, and of all Individual Members, and conduct the correspondence of the League. She shall have custody of all books, papers and pamphlets of the League, and take charge of such distribution of them as the Executive Committee may decide, and shall perform all duties usually appertaining to the office.

Sec. 4. *Treasurer*—The Treasurer shall hold all funds of the League, and shall deposit the same, in the name of the League, in such bank or trust company as the Executive Board shall direct. He shall pay out money only by check and as directed by the Executive Committee. He shall keep a correct account of all money received and expended, render reports of the condition of the treasury at the meetings of the Executive Board, and make a full audited report of the financial condition of the League at the annual meeting. The Treasurer shall be ex-officio a member of the Finance Committee.

ARTICLE II

STANDING COMMITTEES.

The Chairmen of all Standing Committees shall be appointed by the President, their term of office to continue until such time as a successor can be appointed, each Chairman to form his own committee, subject to the approval of the President. The Standing Committees of the League to be as follows:

1—*Committee on Finance.* The Committee on Finance shall have charge of the finances of the League, shall secure donations, make suggestions as to the possible ways of obtaining funds, and do all in its power to add to the financial support of the League. The Chairman shall prepare a budget for the year, in conference with the General Secretary and Treasurer, which shall be presented at the annual meeting.

2—*Committee on Label.* The Committee on Label shall investigate all applications for the National Consumers' League label, and report to the Executive Committee how far each applicant complies with the standards maintained by the League.

3—*Committee on International Relations.* The Committee on International Relations shall keep informed of all work along the lines of the Consumers' League done in other countries; shall correspond with the officials or those interested in the work in other countries, to gain an interchange of ideas and methods of work; also to bring about, so far as possible, co-operation between organizations in all countries of the world interested in the objects of the Consumers' League. It shall study international aspects of the work, and endeavor to bring into closer touch the various European and American Leagues.

4—*Committee on Legislation and Legal Defence of Labor Laws.* The Committee on Legislation shall keep informed and report to the Executive Committee all legislation concerning the objects in which the National Consumers' League is interested; also all bills in any way affecting industrial conditions which are liable to come before the legislatures. They shall further be empowered (subject to the approval of the Executive Committee) to draft bills or seek legislation in any way helpful to the work of the National Consumers' League, and shall assist in the defense of the laws by supplying additional legal counsel or other assistance.

5—*Committee on Publication.* The Committee on Publication shall have charge of the printing of all reports of the National Consumers' League and all other leaflets or literature which the Executive Committee decide to have published. It shall have published in magazines and newspapers, whenever practicable, articles relating to the work of the League.

6—*Committee on Lectures.* The Committee on Lectures shall arrange meetings to be held in the interest of the League; shall

secure speakers, who will go about from place to place and explain the principles, objects and aims of the National Consumers' League; also, as far as possible, interest people in the formation of new Leagues.

ARTICLE III

BRANCHES.

Branches of the National Consumers' League may be formed in any State or Territory of the United States. Each Branch shall be called a State or Territorial League, and shall control its own funds, elect its own officers, fix its own fees and dues, and manage its own affairs. Each State or Territorial Branch is allowed to have two representatives on the Executive Committee. Each State or Territorial Branch shall be represented at the annual meeting of the Council by the President and one delegate at large or by their alternates, and by delegates from each Individual League in proportion to its membership—one delegate for Leagues numbering one hundred or less, and an additional delegate for every additional one hundred members.

ARTICLE IV

ANNUAL MEETING.

The Annual Meeting, as described in Section 1, Article IV, of the Constitution, shall be held, as far as possible, in the East, South and West in alternation.

ARTICLE V

AMENDMENTS.

These By-Laws may be amended at any regular or special meeting of the League by a majority vote of the members present, provided that the intended amendment shall have been previously approved by the Executive Committee and that notice of the proposed amendment shall have been appended to the call for the meeting at which such amendment is to be acted upon.

THE NINTH ANNUAL SESSION OF THE COUNCIL

The ninth annual session of the Council of the National Consumers' League was held in Wilmington, Delaware, on March 3, 1908, at 3 o'clock. In the absence of the president, the first vice-president, Mrs. Frederick Nathan, in the chair. There were present representatives from seven states:

Connecticut—Miss R. D. Beach.

Delaware—Miss E. P. Bissell, Mrs. L. C. Vandergrift, Mrs. E. G. Robinson, Miss M. H. Shearman.

Maryland—Mrs. B. W. Corkran, Mrs. B. H. Smith.

New York—Mrs. F. Nathan, Miss H. P. Stokes, Miss M. R. Sanford, Miss Russell, Mrs. Phillips, Miss Goldmark, Miss Ainslie.

New Jersey—Mrs. G. W. B. Cushing.

Oregon—Miss M. Montgomery.

Pennsylvania—Mrs. W. J. Askin, Mrs. S. B. Weston, Miss A. C. Watmough, Miss W. E. Grubb.

The treasurer's report was read and accepted.

The general secretary reported two very important things done this year: winning the Oregon case, *Curt Muller vs. State of Oregon*, and carrying out the resolution of last year regarding investigation of conditions of working women and children.

In this investigation co-operation by State Leagues had not proved helpful. Successful comprehensive investigation carried out on a basis of voluntary co-operation seemed impossible. The investigation so far as it had gone had been carried on by one of the office staff of the National League.

Miss Stokes moved "That the secretary's report be accepted." Carried.

Miss Watmough moved "That the investigation by Miss Ainslie into the living conditions of working women and girls be continued during the present year." Carried.

Miss Bissell moved "That the Council recommend that the various leagues carry on investigations during the coming year on the basis of the schedule prepared by the National League." Carried.

In the absence of Miss Lakey, Mrs. Kelley gave the report of

the Food Committee. Miss Watmough moved "That this report be received." Carried.

Miss Stokes moved "That the resolutions embodied in the Food Committee's report be discussed one by one." Carried.

Whereas, It is of the utmost importance for the proper enforcement of the Food and Drugs Act of June 30, 1906, and of the several state food acts, that there shall be uniform food standards whereby the manufacturer, seller, buyer and control official, national or state, may have identical bases of judgment; and

Whereas, The work so ably accomplished in the past by the Joint Committee on Standards of the Association of State and National Food and Dairy Departments, and the Association of Agricultural Chemists, in determining what these bases of judgment should be, is of great scientific value and should be continued by said joint committee until all foods are standardized; and

Whereas, The Food and Drugs Act of June 30, 1906, imposes upon the Secretary of Agriculture the duty of determining what can be properly regarded as pure, unadulterated, properly branded foods; be it

Resolved, That the Secretary of Agriculture be urgently requested to use all reasonable efforts to secure the enforcement of the food standards already adopted or that may be adopted by the joint committees on standards of the Association of State and National Food and Dairy Departments and the Association of Official Agricultural Chemists.

Miss Stokes moved "That the preamble and first resolution be adopted." Carried.

Resolution 2

Resolved, That the United States Government be requested to call an International Pure Food Congress to consider uniform means for dealing with food and drug adulteration and misbranding.

Mrs. Phillips moved "The adoption of the second resolution." Miss Stokes amended, by omitting the word "uniform." Carried as amended.

Resolution 3

Resolved, That the National Consumers' League respectfully point out to the governors and to the state legislatures of the various states the urgent need for legislation and for appropriations to provide for the inspection of slaughter houses and the inspection of all animals before and after slaughter.

Miss Sanford moved "To recommend resolution 3 to State Leagues." Carried.

Resolution 4

Resolved, That attention be also directed to the need of inspection to prevent the sale of milk from diseased animals and to eradicate tuberculosis and other diseases from dairy animals and to quarantine the states against the bringing in of any cattle infected with tuberculosis.

Mrs. Weston moved "To recommend resolution 4 to State Leagues." Carried.

Resolution 5

Resolved, That the National Consumers' League endorses the work of Commissioner E. F. Ladd, of North Dakota, to have bleached flours labeled so that the consumers may know when low grades of flour have been bleached to resemble the better grades.

Mrs. Weston moved "That resolution 5 be laid on the table." Carried.

Mrs. Weston moved "That the National Consumers' League protest against the misuse which the United States Department of Agriculture permits of the guarantee clause in the national pure food law." Carried. The League respectfully points out that this guarantee clause was intended solely as a rule of evidence to enable dealers to prove when they have handled foods in good faith believing such foods to be pure. Under a ruling, not provided or intended in the act, all kinds of food and drug adulteration now appear on the market "Guaranteed under the Food and Drugs Act of June 30, 1906, Serial No. . . ." making it seem that such articles are guaranteed by the government.

Report of Finance Committee read and accepted.

Label Committee, International Committee and Lecture Committee reported progress.

Mrs. Askin moved "That Section 4, Article II, of the By-Laws be amended, by adding to the title of the Committee on Legislation the words 'and on Legal Defense of Labor Laws,' and that the words 'and shall assist in the defense of the laws by supplying additional legal counsel or other assistance,' be added to this section." Carried.

Mrs. Nathan moved "That some of the Women's Colleges be represented among our Honorary Vice-Presidents." Carried.

Mrs. Askin, Chairman of Nominating Committee, reported the following nominations:

President, Mr. John Graham Brooks.

First Vice-President, Mrs. Frederick Nathan.

Second Vice-President, Mrs. Mary H. Wilmarth.

Third Vice-President, Mrs. M. R. Trumbull.

Treasurer, Mr. G. Herman Kinnicutt.

Recording Secretary, Mrs. G. W. B. Cushing.

General Secretary, Mrs. Florence Kelley.

Chairman Finance Committee, Mr. Herbert L. Satterlee.

Report adopted and Secretary requested to cast an affirmative ballot for these officers.

Mrs. Nathan named for Nominating Committee for 1909: Mrs. Corkran, Maryland; Miss Bissell, Delaware; Miss Bradford, New Jersey.

Mrs. Phillips moved "That the Delaware League be thanked for its hospitality." Carried.

Miss Sanford moved "That a vote of thanks be given to the New Century Club." Carried.

Miss Stokes moved, and Miss Montgomery, of Oregon, seconded the motion, "That the Council of the National Consumers' League at its annual meeting on March 3, 1908, vote that Mr. Louis D. Brandeis be thanked for his work in the case of *Curt Muller vs. the State of Oregon*." Carried.

The evening session of the Council was held in the New Century Club and was a public meeting. Mrs. Frederick Nathan presided and the meeting was addressed by Mr. Henry R. Mussey and Mr. Scott Nearing, of the University of Pennsylvania, and by the General Secretary.

THE TENTH ANNUAL SESSION OF THE COUNCIL

The tenth annual session of the Council of the National Consumers' League was held in Providence, Rhode Island, on March 2, 1909, at 2 o'clock. In the absence of the President, Mr. Brooks, the first Vice-President, Mrs. Frederick Nathan, in the chair. The roll call showed representation from seven states and three college leagues:

Massachusetts—Mrs. Sherwin, Miss Howes, Miss Harris and Mr. Bradley.

New York—Miss Stokes, Miss Sanford, Mrs. Phillips, Miss Kendall, Mrs. Nathan, Miss Utley, Miss Ainslie, Miss Goldmark, Miss Watson, of Utica.

Rhode Island—Mrs. Barus, Mrs. Eaton.

Pennsylvania—Mrs. Weston.

Maine—Mrs. Richards.

Connecticut—Mrs. Wallace.

Michigan—Miss Sibley.

Wellesley College—Miss Savage.

Mt. Holyoke College—Miss Olcott and Miss Peck.

Smith College—Miss Kimball and Miss Sperry.

The minutes of the last annual session of the Council were read and accepted.

The report of the Treasurer was read and accepted.

The Finance Committee reported progress.

The Publication Committee's report was given by Miss Josephine Goldmark. The Russell Sage Foundation had given funds for an investigation into the literature concerning the health of working women. This investigation shows that the medical literature on fatigue throws much light on the need of reducing women's working hours, as a health measure. It is hoped that the results will be published and furnish valuable material for legislative work and judicial decisions affecting labor laws. Miss Goldmark submitted the following resolutions:

Whereas, the fifteenth International Congress of Hygiene and Demography is to be held in the United States in 1910, and at the last meeting of the Congress in Berlin, the papers dealing with fatigue as a result of

occupation based on invalidity insurance records were of great value as scientific arguments for reducing working hours, and since such discussions on American data do not exist,

Resolved, that the National Consumers' League respectfully requests the appropriate committee to invite American physicians and scientists to submit papers on this subject to the next International Congress. Carried.

Resolved, that the National Consumers League thank the trustees of the Russell Sage Foundation for substantial assistance which has made possible the investigation into the literature on the health of working women and urges the publication of such material as soon as the investigation is completed. Carried.

Miss Ainslie's investigation of earnings and expenses of working girls living away from home has been completed and put into literary form.

Miss Sanford moved "To print Miss Ainslie's report as a publication of the National Consumers' League or in some popular magazine." Withdrawn.

A substitute offered by Mrs. Weston was adopted, "That the matter be left to the Publication Committee, Mrs. Kelley, Mrs. Weston and Mr. Brooks being added for this occasion." Carried.

The Secretary reported that the present method of dealing with the sweating system had proved wholly insufficient, and more radical measures must be considered. She recommended that the Council ask the Commissioner of Labor of New York State to secure the introduction in the legislature of New York of a measure prohibiting manufacture in tenements in New York City, Buffalo and Rochester, New York City being still the great center of garment manufacture in the Western Hemisphere and the source of a never-failing stream of infected goods manufactured in tenements.

White lists were in use in New York, Philadelphia, Baltimore, Cleveland, Cincinnati and Albany. The Secretary recommended an appeal by the Council to the state and local leagues for the creation of white lists.

The absence of a deficit as shown by the Treasurer's report and of unpaid bills was due to the personal exertion of two members of the Finance Committee and to the policy pursued during the year of ordering no printing without having the money to pay for it. It is hoped that a new edition of the Handbook may be printed in 1910.

As the first consequence of the decision of the United States Supreme Court in the Oregon case, women employed by telephone,

telegraph, transportation companies, and mercantile establishments, have been put under the ten hours law in Oregon.

Miss Browne, Fellow of the College Settlements Association, whose services as investigator for the current year have been given to the National Consumers' League, has made studies of children found by the factory inspectors illegally at work in New York City. The information gathered will be printed in the summer, and it is hoped that it may afford a valuable method for stimulating factory inspectors and truant officers. Report accepted.

The report of the Lecture Committee was informally given by the General Secretary.

The Food Committee's report, in the absence of the chairman, Miss Lakey, was summarized by the Secretary as follows: Regular meetings of the committee had not been held, it had only met for special business. Its principal work had been drafting a slaughter house and meat inspection law, for use by the states.

Certain printed matter had been issued.

A concerted effort had been made to defeat the purposes of the federal pure food law. The congressional appropriation to continue the Referee Board was about to be voted upon. The Chairman therefore asked that the Council adopt a resolution and forward it to the Conference Committee of Representatives and Senators and to President-elect Taft, as soon as he should be inaugurated. The Chairman asked that the resolution endorsing Dr. Wiley adopted at the quarterly meeting of the Executive Committee on January 15th be now ordered sent to the President-elect and fifteen Senators named by her.

Mr. Martin, Treasurer of the Food Committee, reported a balance of \$10.25 in its treasury, with an unpaid printing bill of \$1.75. Report accepted.

Mrs. Phillips moved that telegrams be sent to the Congressional Conference Committee urging that the \$200,000 appropriation for the Referee Board of the Department of Agriculture be discontinued. Carried.

As Mr. McLean, the Chairman of the International Committee, was not present, Mrs. Nathan gave a brief oral report for the committee, naming the leagues and countries represented at the Conference of Consumers' Leagues held in Geneva in September, 1908. The Conference met in the aula of the University of Geneva by

invitation of the President of the Department of Education of the Canton. It was presided over by Mr. Auguste de Morsier, a member of the Swiss National Council. The Secretary was M. Jean Brunhes. The Consumers' Leagues of Switzerland, France, Germany and the United States were represented by delegates. There being no Consumers' League in England, that country was represented by delegates from the Anti-Sweating League. There were present to confer persons interested from England, France, Germany, Italy, Austria, Belgium, Russia and Spain. Among the subjects discussed were evening overtime work of women (night work for women in manufacture being forbidden after 10 p. m. except in Sweden), home work, minimum wage boards, trade organization, labor law enforcement, the chocolate industry, and an international label.

Mrs. Nathan suggested that minimum wage boards might be established in this country.

On motion, it was resolved "That the National Consumers' League recommends that state and local leagues study the subject of minimum wage boards with a view to a legislative campaign in 1910, and that the President be authorized to appoint a special committee of the National League to further this object." Carried.

A resolution was received from the Executive Committee meeting held on March 2d as follows:

Moved "That the Executive Committee recommend to the Council that it (1) ask Commissioner Williams, of New York, to introduce as an administration measure a bill to prohibit all manufacture in any tenement house in cities of the first class, and that the Council (2) authorize the Executive Committee to secure the introduction of such a measure in case Commissioner Williams takes no action in the matter."

After discussion this motion was amended on motion of Miss Stokes:

Moved "That the National Consumers' League recommend to Commissioner Williams, of New York, that he introduce as an administration measure a bill to prohibit all manufacturers, merchants, contractors, jobbers and all other corporations and persons from giving out any goods for manufacture in tenement houses in cities of the first class in the State of New York, and

Resolved that in case Commissioner Williams takes no action in the matter, the Executive Committee devise some means by which such a measure may be introduced." Carried.

Reports for their Leagues were given informally by delegates from New York State, Massachusetts, Pennsylvania, Detroit, Rhode Island, Smith, Wellesley and Mt. Holyoke Colleges.

The Nominating Committee presented the following officers for the ensuing year:

President, Mr. John Graham Brooks, Cambridge, Mass.

Vice-Presidents: Mrs. Frederick Nathan, New York.

Mrs. H. M. Wilmarth, Illinois.

Mrs. B. H. Trumbull, Oregon.

Mrs. Frederick C. Howe, Ohio.

Mrs. B. C. Gudden, Wisconsin.

Miss Jean Gordon, Louisiana.

Mrs. R. P. Halleck, Kentucky.

Treasurer, Mr. G. Hermann Kinnicutt, New York.

Recording Secretary, Mrs. G. W. B. Cushing, New Jersey.

General Secretary, Mrs. Florence Kelley, New York.

The Recording Secretary was instructed to cast one ballot for these officers.

The evening session of the Council was held in the Beneficent Congregational Church and was a public meeting. Bishop McVickar presided and the meeting was addressed by Mrs. Frederick Nathan, Mr. Robert A. Woods and the General Secretary.

REPORT OF THE SECRETARY

Two epoch-making events have occurred since the publication of the last report, one international, the other national. These are the International Conference of Consumers' Leagues at Geneva, Switzerland, in September, 1908, and the decision of the Supreme Court of the United States, in January, 1908 (known as the Oregon decision), in which the court established the principle that the Constitution of the United States is no barrier to the enactment by the states of laws restricting the working hours of adult women.

Details of these important occurrences may be found elsewhere in this report.

The National Consumers' League now embraces sixty-one Leagues in nineteen states: Connecticut, Delaware, Georgia, Illinois, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee and Wisconsin.

There are Consumers' Leagues in the following universities, colleges and boarding schools: The Universities of Wisconsin and Minnesota; Wellesley College, Bryn Mawr, Vassar, Smith, Mt. Holyoke, Swarthmore, Simmons and Milwaukee-Downer; and St. Agnes School, Albany, N. Y.; Lasell Seminary, Auburndale, Mass.; Dwight School, Englewood, N. J., and Mrs. Dow's School, Briarcliff Manor, N. Y. Of these, the Leagues at Smith, Minnesota and Briarcliff are new.

College leagues are delicate plants which need incessant cultivation as the seniors graduate and new classes come forward. The most stable one has been the Wellesley College League, because of the abiding interest on the part of Misses Coman, Balch, Scudder and other members of the faculty, who never let the interest of the students flag. At Bryn Mawr and Swarthmore the same influence is exerted by the Consumers' League of Philadelphia, whose active executive secretary cultivates among the students a perennial interest in the work of the League. At Milwaukee-Downer College Miss Sabin has for several years exercised a similar influence. In several colleges, on the other hand, promising Leagues have, during the past ten years, lapsed by reason of the indifference of the faculty,

where no League existed in the local community to stimulate the interest of the students. At Smith College, where a lively Consumers' League had thus lapsed, a new one has been constituted during the present year.

The list of manufacturers authorized to use the label now includes sixty-nine names in thirteen states: Illinois, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont and Wisconsin. It is still true, as it has been for several years, and for the same reason, that more of these factories are to be found in Massachusetts than in any other state. The law protecting women is more stringent and more vigorously enforced than elsewhere. The closing hour for women in all branches of manufacture is set at ten o'clock and in textile industries at six o'clock in the evening for women and minors under the age of eighteen years. Everywhere one great obstacle to the use of the label is the desire of employers to use overtime work. In Massachusetts this obstacle is removed by law.

WORKING HOURS OF ADULT WOMEN

A service of incalculable value to wage-earning women in the United States was rendered conjointly by the National Consumers' League, the Consumers' League of Oregon and Mr. Louis Brandeis, of Boston, Mass., who generously gave his services as counsel in the case of *Curt Muller vs. the State of Oregon*. In this case, the Supreme Court of the United States sustained (February 24, 1908) the validity of the Oregon statute which provides that "no female shall be employed in any mechanical establishment or factory or laundry more than ten hours during any one day."

Incidentally this decision confirmed the validity of the statutes of Colorado, Connecticut, Louisiana, Massachusetts, Maryland, Maine, Michigan, Nebraska, New Hampshire, New Jersey, New York, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Virginia, Washington and Wisconsin, restricting more or less effectively the working day of women employed in manufacture. It prepared the way for the re-enactment, now happily accomplished, of the statute restricting women's working hours in Illinois, where, since May, 1895, these workers had been deprived of all protection whatsoever in consequence of the decision of the Supreme Court of Illinois in the case known as *Ritchie vs. The People*.

Further information as to this successful effort may be found in the report of the Publication Committee. The text of the decision is there given in full.

Nothing has shown so clearly as this experience the value of the National Consumers' League as a clearing house for information and center for effective co-operative effort. The Consumers' League of Oregon sounded the note of warning that the ten hours laws of that state was in danger of annulment, and with it the legislation of many states embodying the same principle.

The decision having been obtained, there has been a steady demand from every part of the country for copies of the brief submitted by Mr. Brandeis.

Encouraged by this decision, Consumers' Leagues and other organizations in fourteen states—Colorado, Connecticut, Illinois, Massachusetts, Minnesota, Missouri, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Washington and Wisconsin—have renewed the effort to establish a legal maximum working day. In Oregon the ten hours law has been extended to women employed by transportation, express, telephone and telegraph companies. The working week is now limited at all seasons to sixty hours. Illinois enacted a ten hours law for women.

In New York and Colorado education will be needed to convince legislators and courts that the favorable federal decision overrides previous adverse decisions of state courts. This is, however, a campaign which will be carried on until in every state working women and girls are assured protection against overwork by measures as humane and effective as any in force in the most enlightened nations of Europe.

WORK AT NIGHT BY GIRLS AND BOYS UNDER 21 YEARS OF AGE

Two occupations in which thousands of young boys and girls between the ages of 15 and 21 years are employed are peculiarly unsuitable for them. In both the consumer is served by these young workers directly, and is, therefore, in a position to demand the service of adults. These occupations are night shifts in telephone exchanges, telegraph offices and the messenger service.

Young boys and girls should, in general, be stopped from working at night, in the interest of the public health and morals. It is hard for men and women to make up by day sleep lost by working at night. It is harder for young boys and girls to do so.

In these employments, moreover, the special circumstances are such that no effort should be spared to encourage the employment of adults. Messengers at night are used largely to convey disreputable messages to disreputable people and places. They are kept in contact with all that is worst in the community. The only reason for preferring them to men is their cheapness to the companies. To the community nothing could well be more expensive.

Night work for girls, boys and youths predisposes them to dependence upon stimulants and narcotics and to the absence of the conventional restraints upon conduct and comradeship. It predisposes them to nervous breakdown and tuberculosis. It is in every respect exactly the opposite of training for long life, good health, efficient work and self-respect.

No person below the age of 21 years should be at work in these employments between the hours of seven at night and seven in the morning. Every person who reads these lines can help to discourage the employment of young persons in these occupations. It is always possible in calling at night for a messenger to stipulate for a man, and to protest to headquarters when a boy is sent.

The work of young girls in telephone exchanges at night is a phenomenon new in the history of the race. The telephone itself is so new that few of its users have learned to consider it critically. Still fewer know that hundreds of telephone operators, young girls not yet twenty-one years of age, spend the night in the lobbies of hotels exposed to the liberties of the traveling public, utterly unprotected from the gravest moral dangers.

The processes of enacting workable legislation in our fifty-two states and territories are painfully slow. While waiting for laws to be enacted, however, the public can in this case take direct action by requesting the telephone companies that no person not clearly twenty-one years old be employed.

THE EIGHT-HOURS DAY FOR WORKING CHILDREN

A cheering feature of the retrospect of ten years is the following table of the District of Columbia and sixteen states which now more or less completely restrict to eight hours the work of children:

8 in 24	48 in one week	...District of Columbia	Children under 16 years of age
		lumbia.	in all gainful occupations.
8 in 24	48 in one week	...Ohio	.....Girls under 18, boys under 16, in all gainful occupations.

8 in 24 48 in one week...Illinois	Children under 16 in all gainful occupations.										
8 in 24 48 in one week...Kansas	Children under 16 in all gainful occupations.										
8 in 24 48 in one week...Nebraska	Children under 16 in all gainful occupations.										
8 in 24 48 in one week...North Dakota.	Children under 16 in all gainful occupations.										
8 in 24 48 in one week...Oklahoma	Children under 16 in all gainful occupations.										
8 in 24 48 in one week...New York	Children under 16 in all factories.										
8 in 24 48 in one week...Wisconsin	Minors under 18 in cigar manufacture.										
8 in 24.....Colorado	All children under 16 years in stores, factories or any occupations injurious to health in the discretion of the county judge.										
8 in 24	<table> <tr> <td>Arizona</td> <td rowspan="8">All persons in mines.</td> </tr> <tr> <td>Colorado</td> </tr> <tr> <td>Montana</td> </tr> <tr> <td>Missouri</td> </tr> <tr> <td>Nevada</td> </tr> <tr> <td>Oklahoma</td> </tr> <tr> <td>Oregon</td> </tr> <tr> <td>Utah</td> </tr> <tr> <td>Wyoming</td> </tr> </table>	Arizona	All persons in mines.	Colorado	Montana	Missouri	Nevada	Oklahoma	Oregon	Utah	Wyoming
Arizona	All persons in mines.										
Colorado											
Montana											
Missouri											
Nevada											
Oklahoma											
Oregon											
Utah											
Wyoming											

Of these, the District of Columbia, Kansas, North Dakota and Oklahoma are new since the last issue of the *Handbook of Child Labor Legislation*, in May, 1908.

Aside from the mining laws, all these laws have been promoted by the Consumers' League either as such or through active members in co-operation with other organizations.

Significant is the fact that this short list contains New York and Illinois, two of the three great industrial states, the third, Pennsylvania, having just reduced the working hours from twelve to ten for all girls below the age of eighteen years. The list contains, however, no southern state and no New England state. In both those sections the cotton mill industry still is more powerful than the friends of the children.

The task of obtaining the eight hours day for the working children in their respective states confronts Consumers' Leagues in

Connecticut, Delaware, Georgia, Kentucky, Maryland, Maine, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, Oregon, Pennsylvania, Rhode Island, Tennessee, and Wisconsin. In some of these states there are child labor committees, but everywhere the task of educating the shopping public is our own.

The greatest gain made in any state in 1909 is that of Pennsylvania, whose story follows:

To the Friends of Pennsylvania's Young Workers:

Your efforts in the recent legislative campaign have helped to bring about the passage of a new Child Labor Act, signed yesterday by the Governor, of which the following are the most important points:

1. Issuance of employment certificates for children between fourteen and sixteen years by school authorities only, and upon proper evidence of age.
2. Restriction of work to an average of ten hours a day to boys under sixteen and *girls under eighteen*.
3. Protection of children under eighteen from employment in dangerous occupations.
4. Abolition of night work after 9 p. m. for boys under sixteen and *girls under eighteen*, with the exception that boys between fourteen and sixteen may be employed for nine hours at night in industries requiring "continuous operation."
5. *Establishment of forty-five minutes as a minimum period for the noon-day rest.*

The words in italics represent the provisions originally contained in the separate bill for women and girls which the Consumers' League presented to the legislature and asked you to support. You will notice that the provision regulating the number of hours daily and weekly for *adult* women has been lost. Unsurmountable opposition was shown to certain portions of this bill which held it in committee in spite of all our efforts. In order not to lose the entire measure, we were advised to amend the Child Labor Bill so as to include as many as possible of the provisions for the benefit of female workers. This was done, with the results just enumerated.

Careful observation will be required when this law goes into operation on January 1, 1910, to ascertain its effect on the hours of labor of adult women. The results of this observation will decide the wisdom and necessity of a further effort to prevail upon the next legislature to repair this one omission.

Although this one important issue has been lost, a great stride forward has been made by this legislature. Your response to the request sent from this office has helped to extend the protection of the new law over that great army of girls from sixteen to eighteen years, employed in the industries of Pennsylvania, who, under the terms of the original bill, would have been left with no protection whatsoever from unrestricted hours of work.

The universal expression of public interest in the whole question of

child labor has brought about the good which has been gained. We were notified from Harrisburg that the legislature was "flooded with letters and telegrams on the Shern Bill," and that it was "the one topic of interest at that time." . . . The Consumers' League is deeply grateful to all the friends of the young workers, whose help has made possible the achievement of this result.

Very truly yours,

FLORENCE L. SANVILLE,

Secretary, Consumers' League of Philadelphia.

LABOR INSPECTORS

There is a growing feeling that the shopping public has a claim to be able to buy goods with an easy conscience if it deals with reputable merchants, pays the price which they ask, and pays its bills promptly. On these terms a customer may well suppose herself free from participation in the employment of child labor and from encouraging the sweating system. At present, however, we have no such assurance. We still lack the knowledge we most sorely need. Of thirteen southern states, for instance, there are still seven without factory inspectors—Florida, Texas, North Carolina, Virginia, Mississippi, West Virginia, and Georgia. And without inspection there is neither enforcement of such laws as exist nor a basis for enlightened legislation.

In the last report four southern states having factory inspectors were mentioned, viz., Kentucky, Louisiana, Maryland and Tennessee. To these Alabama and South Carolina have since been added. Alabama has one man to visit insane hospitals, gaols and cotton mills. South Carolina has two newly-created factory inspectors. Their creation shows that these states now recognize the principle of state supervision and control. This is the chief value of these two new laws.

This excessive slowness of legislation indicates the need of patient educational work by the Consumers' League, interesting all people in the community, since all are consumers.

In New York City alone each year about 25,000 children 14 to 16 years of age leave school legally to enter the field of industry. To them it is of the utmost importance that the State Department of Labor enforces with energy the provisions of the child labor law, such as the eight hours day and the 5 p. m. closing hour. This official activity would be impossible without the permanent backing

of public opinion, such as the Consumers' League has been actively engaged in educating and organizing for nearly twenty years.

In 1908 a chief mercantile inspector with eight deputies was appointed, who are now at work in the cities of the first class, New York City, Buffalo and Rochester. The first six months of their work proved conclusively the error of leaving to local health boards, as had previously been done, the task of enforcing labor legislation.

If the long effort of the Consumers' League and the Child Labor Committee of Pennsylvania for the removal of State Factory Inspector John C. Delaney and the appointment of an efficient officer in his place should be accomplished, the benefit to the children would be incalculable.

WHITE LISTS

In an industrial period like the present only a strongly organized body of public opinion counts on behalf of the working boys, girls and youths, and the burdened mothers of young children striving to support the family. None of these can defend their own interests under the pressure of competition, the effort for cheapness at all costs, and the flood of immigrants bringing an ever lower standard of life.

For creating a stable body of public opinion, nothing has been invented more effective than the white list of the Consumers' League. The process of making the list and keeping it up-to-date is in itself a continuing educational force.

A white list is no sooner published than it becomes a means of getting knowledge not otherwise obtainable. For every merchant not included volunteers facts about every one in it, and also all the favorable facts about himself.

According to the standard of the Consumers' League of New York City the working day consists of nine working hours. The minimum weekly wage for clerks eighteen years old who have had one year's experience is \$6.00. Neither provision is satisfactory, but each marks an improvement over the usages of past years. And each is better than the corresponding provision in cities which have no white list. The importance of a minimum wage and a maximum working day are only beginning to be generally recognized. They are invaluable as means of combating disease and vice.

Every city as large as Cleveland, Ohio, and Detroit, Michigan,

should have a white list. Until one is formed, no one really knows what wages are paid, what the hours of labor are in the stores, whether clerks are free to use the seats which the law may require.

In a city in which there has never been a white list, the procedure for establishing one is as follows: A visiting committee is formed consisting of two influential, persuasive women who have patience and leisure. In New York City this work has been done for eight consecutive years by the same women, who spend one afternoon every week in visiting merchants by appointment. They know accurately the conditions in white list stores. They discuss, on friendly terms, such problems as early closing at Christmas and on summer Saturday afternoons. They investigate the complaints of employees as to infractions of the labor law and of the League's standard. Information which comes to them is the strictly confidential property of the governing board.

The success of the white list depends upon the patience, good sense and continuity of this committee; upon the extent to which the white list is made known, and the degree to which the public gradually comes to depend upon it for guidance.

After nearly twenty years of faithful work, the Consumers' League of the City of New York has on its white list fifty-eight merchants. Certain famous stores are still missing from it, because wages are below the standard, or a summer Saturday half holiday is not granted, or for some other substantial reason. No merchant's name is placed upon the white list without a full year of careful observation; and every claim to excellence must be corroborated by employees.

Most fundamental of all requirements is obedience to the labor law provisions applying to stores. Every item of this law has to be thoroughly familiar to the visiting committee and the employers, and no subject comes up more frequently in the work of the visiting committee.

CONGRESSIONAL BILLS

Of the bills endorsed by the National Consumers' League pending before Congress at the time of publication of the last report, that which provided for regulating child labor in the District of Columbia has since been enacted.

This is by no means a model law to be copied by the states,

because it provides for exemption of children 12 to 14 years old who have sick parents or impoverished younger brothers or sisters. It does, however, remove the Nation's capital from the black list of states and territories having no child labor law.

There remains to be passed the long pending bill for a children's bureau in the federal government. The disappointment attending the failure of the Sixtieth Congress to pass it was the greater because the bill had been favorably reported by committees of both houses of Congress and recommended in a special message by President Roosevelt. Every argument in favor of creating this bureau which applied when the bill was first introduced applies still. The following are some of the points on which it is hoped that the bureau, when established, may furnish enlightenment:

"1. How many blind children are there in the United States?" Where are they? What provision for their education is made? How many of them are receiving training for self-support? What are the causes of their blindness? What steps are taken to prevent blindness?

"2. How many mentally subnormal children are there in the United States including idiots, imbeciles and children sufficiently self-directing to profit by special classes in school? Where are these children? What provision is made for their education? What does it cost? How many of them are receiving training for self-support?

"3. How many fatherless children are there in the United States? Of these, how many fathers are dead? How many are illegitimate? How many are deserters. In cases in which the father is dead, what killed him? It should be known how much orphanage is due to tuberculosis, how much to industrial accidents, etc. Such knowledge is needful for the removal of preventable causes of orphanage.

"4. We know something about juvenile illiteracy once in ten years. This subject should be followed up every year. It is not a matter of immigrant children, but of a permanent, sudden failure of the republic to educate a half million children of native English-speaking citizens. Current details are now unattainable.

"5. Experience in Chicago under the only effective law on this subject in this country, indicates that grave crimes against children are far more common than is generally known. There is no official

source of wider information upon which other states may base improved legislation or administration.

"6. How many children are employed in manufacture? In commerce? In the telegraph and messenger service? How many children are working under ground in mines? How many at the mine's mouth? Where are these children? What are the mine labor laws applicable to children? We need a complete annual directory of state officials whose duty it is to enforce child labor laws. This for the purpose of stimulating to imitation those states which have no such officials, as well as for arousing public interest in the work of the existing officials.

"7. We need current information as to juvenile courts, and they need to be standardized. For instance, no juvenile court keeps a record of the various occupations pursued by the child before its appearance in court beyond, in some cases, the actual occupation at the time of the offense committed. Certain occupations are known to be demoralizing to children, but the statistics which would prove this are not now kept. It is reasonable to hope that persistent, recurrent inquiries from the federal children's bureau may induce local authorities to keep their records in such form as to make them valuable both to the children concerned and to children in parts of the country which have no similar institutions.

"8. There is no accepted standard of truancy work. In some places truant officers report daily, in others weekly, in some monthly, in others, never. Some truant officers do no work whatever in return for their salaries. There should be some standard of efficiency for work of this sort, but first we need to know the facts.

"9. Finally, and by far the most important, we do not know how many children are born each year or how many die, or why they die. We need statistics of nativity and mortality. What Dr. Goler has done for Rochester should be made known to all the health authorities in the United States, and the success or failure of the others in reaching his standards should be published with ceaseless reiteration."

The time when the Children's Bureau bill will be enacted depends upon the sustained and energetic interest expressed. State and local Leagues can help its passage by keeping the subject actively before their senators and representatives.

INVESTIGATIONS

I. *The Standard of Living*

At its eighth annual meeting the Council voted "that the National Consumers' League undertake to investigate wages and the standard of living of self-supporting women throughout the country." Much of the time of Miss S. B. Ainslie has, therefore, for two years been devoted to such an investigation. The results will be published in a volume appearing in the early fall. Several life stories of working girls and women living away from home have been grouped under the title "Why Working Girls Fall Into Temptation" and will appear in the *Ladies' Home Journal* in November. Whoever reads the statements of these hundreds of honest working girls interviewed by Miss Ainslie, will be impressed by the skill and sympathy with which she has induced them to lay bare their painful economies. The thoughtful reader cannot escape the conviction that under the conditions of wages and living now prevailing, while self-supporting women do unquestionably, by tens of thousands, live righteously, they cannot maintain the common standard of physical health. This volume will form a convincing argument for far greater publicity concerning wages than we now have, and will lay the foundation for an agitation in behalf of minimum wage boards

II. *Children Found Illegally at Work*

An investigation which promises to be of lasting value has been carried on by Miss Margaret W. Browne, Fellow of the College Settlements Association, under the direction of the General Secretary, and Miss Pauline Goldmark, Secretary of the New York City Consumers' League. This covers home and school causes of illegal employment of children in New York City who are found at work in factories and reported to the school authorities by the State Department of Labor. Commissioner of Labor John Williams very kindly sends to our office a duplicate of the daily list of names and addresses which he sends to the Department of Education. It is hoped that the methods of tracing leakage of pupils from schools to factories worked out by Miss Browne may prove of use to Consumers' Leagues in other places.

INTERNATIONAL CONFERENCE

The First Vice-President, Mrs. Frederick Nathan, and the Secretary attended the first International Conference of Consumers' Leagues at Geneva, Switzerland, September 24, 25 and 26, 1908. There were present representatives of the Consumers' Leagues of France, Switzerland, and Germany. There being no Consumers' League in England, delegates came from the Anti-Sweating League. There were 650 subscribers to the Conference and several hundred men and women were present at every session. All the leading European nations were represented. The meetings were held in the aula of the University of Geneva, M. de Morsier, a member of the General Council of Switzerland, presiding.

The subjects discussed were divided under four general heads, with two or three topics under each head:

First, our immediate responsibilities, comprising evening overtime work, clerks and other employees in stores, and the housing of servants;

Second, means of action, the label and the white list;

Third, rights and duties of purchasers, including industrial conflicts and arbitration, honest and dishonest organizations, co-operation and the state.

Four, home work, its present status, reforms relating to home work.

Mrs. Nathan presented a condensed history of the parent League, that of New York City, and a paper on the Improvement in the Condition of Sales-clerks accomplished by the Consumers' League of the City of New York. At still another session, Mrs. Nathan described the evils of home work as it exists in our great cities. All these papers and addresses were in French.

The Secretary presented a paper on tenement house work in the United States and the efforts of the Consumers' League to abolish it.

The resolutions adopted by the Conference have been reported to the constituent Leagues, and may be found printed in French, German and English in the volume of Proceedings of the Conference issued by the Secretary, Mme. Jean Brunhes, 28 Rue Serpente, Paris, France.

TENTATIVE LIST OF REFERENCES ON WAGE BOARDS

Clark, Victor S.: Labor Conditions in Australia in Bulletin No. 56 of the U. S. Bureau of Labor, p. 60. A careful account of the Victoria system, based on investigation on the ground.

Clark, Victor S.: Labor Movement in Australasia. N. Y., Henry Holt, 1906. Minimum Wage Boards, p. 138.

United States Bureau of Labor Bulletin, No. 60. Government Industrial Arbitration.

Macrosty, Henry W.: State Arbitration and the Minimum Wage in Australasia, in Commons' Trade Unionism and Labor Problems, p. 207. Another good account of the system in Victoria by an impartial writer.

Weber, A. F.: The Report of the Victorian Industrial Commission. In Quarterly Journal of Economics (August, 1903), Vol. XVII, p. 614. A summary (both of facts and conclusions) of the report of a commission appointed in Victoria to investigate the operation of the Factories and Shops Law of Victoria, the bulk of the report being devoted to the *wages boards*. Contains detailed information as to the working of the system.

Reeves, W. P.: State Experiments in Australia and New Zealand, Vol. II, pp. 47-69. A partisan description of the Australian wage boards.

Webb, Sidney and Beatrice: Industrial Democracy. Introduction to the 1902 edition, pref. p. 36. A brief, favorable account of the Victoria boards.

Cadbury, Edward, and others (M. Cecile Matheson and George Shaun): Women's Work and Wages, Chapter XII. Discusses the arguments for and against establishment of national minimum wages.

Bosanquet, Helen: The Strength of the People, p. 286. A critical discussion tending to a conclusion adverse to wage boards.

Meyer, Mrs. Carl, and Black, Clementina: Makers of Our Clothes. A Plea for Trade Boards. Duckworth and Co.

Gough, George W.: The Wage Boards of Victoria. Econ. Journal, Vol. 15, pp. 361-373. London, 1905.

MacDonald, J. Ramsay: Sweating and Wage Boards. Nineteenth Century and After. Vol. 64, pp. 748-762. London, 1908.

MacDonald, J. Ramsay: Arbitration Courts and Wages Boards in Australasia. Contemporary Review, March, 1908, p. 308.

Smith, H. B. Lees. Econ. Journal, 1907. V. 17, pp. 505-512. "Economic Theory and Proposals for a Legal Minimum Wage."

Great Britain. Report of Fair Wages Committee (1908, cd 4422-3).

National Anti-Sweating League Publications, 133 Salisbury Sq., London, E. C.

Aves, Ernest: Report to Secretary of State on Wages Boards and Industrial Arbitration Acts of Australia and New Zealand (1908, cd 4,167).

Home Work. Report from Select Committee, with Proceedings, Evidence and Appendix. Committee appointed to consider and report upon the

conditions of labor in trades in which home work is prevalent, and the proposals, including those for the establishment of wages boards, and the licensing of work places, which have been made for the remedying of existing abuses. (House of Commons, ed 290, 1907; ed 246, 1908: price 2s. 1d.) It can be easily secured from P. S. King & Son, Orchard House, 2 and 4 Great Smith St., Westminster, London.

Samuelson, James: *Lament of the Sweated*. London. King, 1908. Résumé of Report of Select Committee on Housework, 1908.

Women's Industrial Council: 7 John St., London, W. C. Penny Pamphlets, Hutchins, B. L., and MacDonald, J. Ramsay. *The Case for and Against a Minimum Legal Wage for Sweated Workers*.

Adams and Sumner: *Labor Problems*, p. 493. A very brief theoretical consideration of "Minimum Wage Laws."

MEETINGS

1908.

March 6—Boston Social Education Association.
 8—Bridgeport, Conn., Congregational Church.
 9—New York City, School of Philanthropy.
 10—New York City, Congestion Exhibit, public meeting.
 14—Baltimore Consumers' League Conference.
 15—Albany, N. Y., St. Agnes' School.
 16—Albany, N. Y., annual meeting, Albany Consumers' League.
 20—New York Child Labor Committee.
 22—New Haven, Conn., Students' Sheffield Scientific School.
 23—New York City, Girls' Technical High School.
 24—New York City, Congestion Exhibit, public meeting.
 25—New York City, Girls' Technical High School.
 26—New York City, Adelphi College students.
 April 1-6—Atlanta, Ga., Conference on Child Labor.
 Atlanta, Ga., Public meeting on child labor.
 Atlanta, Ga., Consumers' League.
 Atlanta, Ga., Suffrage Society.
 Atlanta, Ga., Atlanta University students.
 9—New York City, Society Moral Prophylaxis, public meeting.
 10—Philadelphia Day Nursery Association.
 16—New York Child Labor Committee.
 22—New York City, Barnard College students.
 23—Flatbush, N. Y., public meeting.
 24—New York City, Child Labor Committee.
 30—New Orleans, La., State Federation of Women's Clubs.
 May 2—New Orleans, La., Travelers' Aid Society.
 2—New Orleans, La., Era Club.
 3—New Orleans, La., Unitarian Church, morning service.
 4—Mobile, Pa., public meeting.

May 5—Chattanooga, Tenn., City Federation Women's Clubs.
20—Albany, N. Y., hearing before Governor Hughes on canneries law.
22—New York State Child Labor Committee.
22—Briarcliff Manor, N. Y., Mrs. Dow's School.
27—New York City, Girls' Hebrew Technical School.

June 1—Hackensack, N. J., parlor meeting arranged by Miss Olive St. Clair.
3—Elmira, N. Y., in City Council Chamber, public meeting.
3—Elmira, N. Y., in Mr. Eaton's Church, public meeting.
4—Elmira, N. Y., Working Girls' Club.
5—Longwood, Pa., Progressive Friends' Yearly Meeting.
9—New York City, Bronx M. E. Church, public meeting.
18—Cape May, N. J., State Medical Association.
23—New York City, Summer School of Philanthropy.

September 1-8—Geneva, Switzerland, International Council of Women.
24-26—Geneva, Switzerland, International Conference of Consumers' Leagues.
28-30—Lucerne, Switzerland, International Association for Labor Legislation.

October 23—New York City, School of Philanthropy.
26—New York City, School of Philanthropy.
26—New York City, Conference with Commissioner of Labor John Williams and philanthropists.
27—New York City, Rand School of Social Science.
28—New York City, National Consumers' League, Label Committee.
29—New York City, Public School Lecture Course.
30—New York City, School of Philanthropy.

November 1—Bryn Mawr, Pa., Miss Baldwin's School.
2—Philadelphia, Pa., Gordon School.
3—Philadelphia, Pa., Hill School.
3—Philadelphia, Pa., Swarthmore Preparatory School.
4—Philadelphia, Pa., Chapman and Jones.
5—Briarcliff Manor, N. Y., Mrs. Dow's School.
6—New York City, School of Philanthropy.
9—New York City, School of Philanthropy.
10—New York City, Rand School of Social Science.
13—New York City, School of Philanthropy.
14—Providence, R. I., Congregational Church, morning and evening.
19—Live Oak, Fla., State Federation of Women's Clubs.
23—Jacksonville, Fla., Women's Club.
25—New York City, Y. W. C. A., Training School.
28—Pottsville, Pa., public meeting.
29—Pottsville, Pa., Philanthropy Club, conference.
30—New York City, Ethical School.

December 1—New York City, Child Labor Committee.
 1—New York City, Pratt Institute, Brooklyn.
 1—New York City, Rand School of Social Science.
 2—Cambridge, Mass., Harvard Socialist Club.
 3—Boston, Mass., School for Social Workers.
 4—Boston, Mass., School for Social Workers.
 4—Hartford, Conn., Consumers' League, Child Labor Conference.
 5—New York City, Smith College Club.
 6—Cincinnati, O., National Council of Jewish Women.
 7—Cincinnati, O., Ohio Child Labor Committee.
 9—New York City, Columbia University, Teachers' College, Miss Nutting's class.
 10—New York City, Committee on Congestion of Population.
 10—New York City, Child Labor Committee.
 11—New York City, Child Labor Committee (Sub-Committee on Legislation).
 11—New York City, Socialist Society.
 13—New York City, Y. M. C. A., Brooklyn.
 14—New York City, National Consumers' League, Food Committee.
 15—New York City, Pratt Institute, Brooklyn.
 15—New York City, Rand School of Social Science.
 16—Princeton, N. J., Present Day Club.
 20—Wilmington, Del., Conference on Factory Inspection.
 22—New York City, National Consumers' League, Finance Committee.
 23—New York City, Child Labor Committee, Scholarships.
 23—New York City, Committee on Congestion of Population.

1909.

January 4—New York City, Colony Club, Dr. Rotch's meeting on working children.
 5—New York City, Pratt Institute, Brooklyn.
 5—New York City, National Child Labor Committee.
 6—New York City, Committee on Congestion of Population.
 7—New York City, National Consumers' League, Food Committee.
 9—New York City, Whittier Hall, High School pupils.
 11—New York City, Public School lecture course, St. Luke's School.
 11—New York City, Tuberculosis Exhibit, Neighborhood Workers' Conference.
 12—New York City, Pratt Institute, Brooklyn.
 13—East Orange, N. J., Conference at home of Mrs. Cushing.
 16—Englewood, N. J., Dwight School, where a branch of the N. J. League was then formed.
 18—Brooklyn, N. Y., Present Day Club.

January 20—Philadelphia, Consumers' League, annual meeting.
21-22-23—Chicago, Ill., National Child Labor Committee, annual meeting.
25—Wellesley, Mass., Wellesley College Consumers' League.
26—New York City, Consumers' League, annual meeting.
27—Washington, D. C., House of Representatives, hearing on Children's Bureau Bill.
30—Philadelphia, Pa., public meeting, Witherspoon Hall, arranged by the American Academy of Political and Social Science.

February 1—Troy, N. Y., public meeting, afternoon.
1—Troy, N. Y., public meeting, evening.
2—Schenectady, N. Y., public meeting, afternoon.
4—Detroit, Mich., Consumers' League annual meeting.
5—Cleveland, O., Wimaudausis Club.
5—Cleveland, O., evening meeting, Y. W. C. A.
6—Cleveland, O., Consumers' League annual meeting.
7—Cleveland, O., Epworth Memorial Methodist Church, evening service.
8—Akron, O., Women's Council.
9—Cleveland, O., Women's College.
9—Cleveland, O., Present Day Club.
(All these engagements were arranged by the Consumers' League of Cleveland.)
15—New York City, Child Labor Committee.
16—New York City, C. O. S. Conference on children, arranged by the National Child Labor Committee in the interest of the Federal Children's Bureau.
16—Poughkeepsie, N. Y., Vassar College, Consumers' League.
17—New York City, Women's Medical College Alumnae, public meeting.
20—New Haven, Conn., State Consumers' League annual meeting.
21—Boston, Mass., Ford Hall meeting, subject, "The Lost Leadership of New England in Child Labor Legislation."
23—Bradford, Mass., Bradford Academy.
24—Albany, N. Y., Committee on Ways and Means, hearing on Workmen's Compensation bill.
25—Poughkeepsie, N. Y., New York State Consumers' League annual meeting.
26—New York City, Teachers' College, on Industrial Invasion of the Home,—The Sweating System.

REPORT OF THE LABEL COMMITTEE

MANUFACTURERS AUTHORIZED TO USE THE LABEL

Illinois—

Marshall Field & Co., Chicago, underwear, medium and fine.
George Lewis, Chicago, underwear, medium and fine.
A. Roth, Chicago, corsets.

Maine—

The C. F. Hathaway Company, Waterville, underwear.

Maryland—

Mendels Bros., Baltimore, wrappers, kimonos, house suits and waists.
E. Pohl & Co., Baltimore, corsets.

Massachusetts—

Brown, Durrell & Co., Boston, petticoats.
W. H. Burns Company, Worcester, fine underwear (women's and children's).
Clark Mfg. Company, Boston, skirt and stocking supporters.
Columbia Bathing Suit Company, Boston, bathing suits.
Continental Waist Company, Boston, ladies' waists.
Elliott Mfg. Company, Boston, shirtwaists and petticoats.
Fairmount Underwear Company, Hyde Park, underwear, cheap and medium.
Davis Frank, Boston, underwear, medium and fine.
The George Frost Mfg. Company, Boston, skirt and stocking supporters.
Holden-Graves Company, Boston and Gloucester, aprons, tea gowns and wash suits.
Green & Green, Worcester, fine underwear.
Fred. A. Hastings, Boston, petticoats.
C. F. Hovey & Co., Boston, for order work in their own work-rooms.
A. Israel, Worcester, petticoats.
Jordan & Marsh, Boston, for order work in their own work-rooms.
Mrs. M. E. Kelsey, Boston, Bostonia petticoats.
Lester, Mintz & Co., Boston, petticoats.
Natick Underwear Company, Springfield, underwear (women's and children's).
Priscilla Undermuslin Company, Springfield, undermuslins.
Randall Bros., Natick, underwear, all grades.
Ruth Mfg. Company, Somerville, silk petticoats.
Meyer Rosenfield, Boston, underwear.
Sircum Bros., Melrose, petticoats.

Massachusetts—Continued.

Superior Mfg. Company, Boston, "Boston silk petticoat."
Westboro Underwear Company, Westboro, underwear.
Whitall Underwear Company, Lowell, underwear, medium and fine.
Worcester Muslin Underwear Company, Worcester, fine underwear.
Old Home Mfg. Company, Boston, agents for goods bearing the label.

Michigan—

W. H. Allen Company, Detroit, underwear.
Crescent Works, Ann Arbor, corsets.
Jackson Corset Company, Jackson, corsets.
A. Krolik & Co., Detroit, corsets.
McGee Brothers Company, Jackson, petticoats.
Standard Underwear Company, Jackson and Grand Rapids, fine underwear.

New Hampshire—

Ideal Mfg. Company, Tilton, petticoats.
Manchester Garment Company, Manchester, petticoats.

New Jersey—

Henry A. Dix, Millville and Carmel, wrappers, dressing jackets.
Taube, Arlington, underwear.

New York—

Abramowitz & Brill, New York City, ladies' underwear.
Columbia Skirt Company,
Gillette Skirt Company, } Cortland, petticoats.
New York Skirt Company, }
M. Wilber Dyer Company, New York City, ladies' underwear.
Elmira Skirt Company, Elmira, petticoats.
Gilbert Mfg. Company, New York City, petticoats.
J. B. Goggin & Co., New York City, fine underwear.
Poughkeepsie Queen Undermuslins Company, Poughkeepsie.
Queen City Mfg. Company, Elmira, ladies' muslin undergarments.
Utica Skirt Mfg. Company, Utica, skirts.
The Wade Company, New York City, corsets.
The Wolf Company, New York City, undermuslins and waists.

Ohio—

Antoinette Rowland, Cleveland, aprons.

Pennsylvania—

Middendorff Bros., Philadelphia, fine underwear.
A. L. Samuels, Philadelphia, petticoats.
J. B. Sheppard & Sons, Philadelphia, fine underwear.

Rhode Island—

W. H. Anderson & Co., Providence, underwear.
The Keach & Brown Company, Valley Falls, fine underwear, curtains
Wachusett Mills Company, Providence, the rubdry towels.

Vermont—

Brandon Garment Company, Brandon, wrappers.
Brown, Durrell & Co., Chester, wrappers, house dresses, waists, etc.
Richmond Underwear Company, Richmond, children's drawers and waists.

Wisconsin—

Western Underwear Company, Oshkosh, underwear, all grades.

REPORT OF THE PUBLICATION COMMITTEE

By the Chairman, Miss JOSEPHINE GOLDMARK

The main activity of the Publication Committee for the year 1908-09 is described in the following generous editorial of the *Outlook*, March 21, 1908:

"The story of the fight on behalf of overworked women which was won before the United States Supreme Court may put heart in those who believe that ultimately we shall make industry for the sake of humanity and not regard humanity as existing for the sake of industry. The State of Oregon proceeded against a laundryman for violating one of its laws by employing women for a greater number of hours than the law allowed. The highest court in Oregon sustained the law, and the laundryman appealed. Thereupon the Oregon State Consumers' League notified the National Consumers' League that ammunition was needed to contest the appeal before the United States Supreme Court. The case involved not merely legal questions but questions of social and industrial conditions. Through the good offices of the National Consumers' League, Mr. John Manning, the District Attorney who had the case in charge, invited Mr. Louis D. Brandeis, of Boston, to co-operate. Mr. Brandeis, who gave his services gratuitously in this case, outlined a brief and called upon the National Consumers' League to collect and arrange the facts. Miss Josephine Goldmark, of the League, delved into the libraries—Columbia University Library, the Astor Library, and the Congressional Library were put at her service. Ten readers were employed. One, a young medical student, devoted himself solely to reading on the hygiene of occupations. It is significant that there is a lack of American statistics on this subject; there is plenty of opinion; the general conditions are a matter of common knowledge; but what we need are specific facts. Europe is ahead of America in this respect, and the foreign medical opinions are among the most impressive which were ultimately incorporated in the brief. It is only a lawyer with a broad view and large mind who would do what Mr. Brandeis did—go before the Supreme Court of the United States with a brief of one hundred and thirteen printed pages, of which only two pages could be construed as a strictly legal argument. The result of this impressive presentation of facts was a unanimous decision by the Court that the present and future mothers of the race are worthy of defense against the greed of man. The brief has attracted very wide attention; there is demand for it from lawyers, economists, college professors, and publicists. The success of this work has convinced the National Consumers' League that there is a new field of service for it, and the League has voted to have a permanent committee in defense of labor laws. Child labor, woman's night work, and dangerous occupations for women and children indicate the extent of the field in which this service can be rendered. It is

an immense task which the League has undertaken, and in performing it the League deserves the support of every one who cares less for dollars than for people."

The text of the decision in the Oregon case is given in full following this report, since it is difficult for the general reader to gain access to decisions of the United States Supreme Court, and the document is of vital interest to many people.

Thirteen years ago the Supreme Court of Illinois decided that a state could not, under the federal constitution, restrict the working hours of adult women. Not until more than a dozen years after this decision had deprived women in Illinois of all legislative protection from excessive working hours did the United States Supreme Court itself have an opportunity to be heard upon this subject.

By its sweeping reversal of the Illinois court, the highest court of the United States has now brought this nation into the group of civilized countries which, beginning with England in 1844, have successively enacted laws to protect women from overwork in manufacture.

The Illinois decision retarded this movement by many years in other American states, although the highest court of Massachusetts had sustained the constitutionality of the Massachusetts ten-hours law for women as far back as 1876, and the supreme courts of three states—Nebraska, Washington and Oregon—have in the last decade followed the Massachusetts precedent.

The Federal Supreme Court unanimously holds not only that the working hours of women may be restricted for the protection of health, but that the welfare of the state depends upon such restriction.

This decision is the most sweeping one ever promulgated by the Supreme Court of the United States in relation to working hours. It is not confined to a consideration of the ten-hours day or to a working day of any particular length. It leaves to the states liberty to determine what working hours are wholesome and reasonable. It goes far beyond the statute at issue, which dealt with the employment of women in factories and laundries, and looks towards the protection of women in other employments. The opinion is in advance of the practice of many of the twenty states which have enacted laws curtailing women's working hours. Most of these permit the ten-hours day to be invalidated by exceptions which interfere with enforcement of the law and in many cases render it practically void.

Before judges can pass upon the constitutional question at issue, they must obviously have presented to them testimony throwing light on the intricate medical and social facts which ultimately determine their decision.

The court's "judicial cognizance" of practical facts should act as a valuable stimulus to the study and "general knowledge" concerning them. The meagerness of the available American information on the social and medical effects of occupations was revealed in the course of preparing Mr. Brandeis' brief. Specific medical data upon this subject is almost wholly lacking. Not only the effect of long hours but the whole hygiene of occupations awaits adequate medical investigation.

Since many of our industries and processes differ fundamentally from European ones, it is indispensable to have medical observations and conclusions based on American conditions. In some cases, doubtless, the physical results are identical here and abroad. Statistics of the effects of laundry work, for instance, compiled by two large London infirmaries, and quoted in Mr. Brandeis' brief are no doubt as true of the laundries here as in London, since American laundry machines are widely used in England, and the general conditions of the trade appear to be the same. In other industries, however, the statistics of one country may be valueless for another.

Besides contributing to reprinting the brief in the Oregon case, the Russell Sage Foundation has granted the Publication Committee an appropriation for a more extended investigation into the literature on fatigue in relation to the length of working hours. This appropriation has provided salaries of two or three readers during the past eight months, as well as all clerical assistance. The Chairman of the Publication Committee has directed this reading in the medical and social literature of the United States, England, France, Germany, Austria, Italy and the British colonies. A mass of opinions and statistics has been gathered which will be printed as a compendium for use in future legislation and court cases.

Unusual courtesies have been received at the following libraries: the New York Public Library, the libraries of Columbia University and of the Academy of Medicine in New York City, the Library of Congress and the Library of the Department of Commerce and Labor in Washington. Books and reports have also been imported direct from abroad, and inquiries for additional material have been directed to prominent physicians and economists abroad.

In consequence of the resolution passed at the tenth annual meeting of the Council of the National Consumers' League, held in Providence, March, 1909 (see below), the following letter has been addressed to Dr E. T. Devine, one of the directors of the next meeting of the International Congress of Hygiene and Demography, which will take place for the first time in America in Washington, 1910:

Dr. E. T. Devine, 105 East Twenty-second Street, New York City:

MY DEAR DR. DEVINE:—I send you herewith a resolution of the Council of the National Consumers' League* regarding the approaching meeting of the International Congress of Hygiene and Demography in 1910.

To our mind there is no province of industrial hygiene which is of more importance, or has been more neglected, than the study of fatigue in relation to the length of working hours.

While medical interest in occupational diseases is over a century old, and the literature on the subject is enormous (a partial bibliography filling almost twenty pages in Mr. Hoffman's study of Dusty Trades, Bulletin of the United States Department of Labor, November, 1908), these works contain little mention of what is perhaps the most common and most subtle danger of occupation, overfatigue.

*See pp. 15-16.

In the course of an investigation, which I have carried on during the last eight months, I have found no more valuable contributions to the physiological and psychological study of industrial overstrain than the articles read before the International Congress of Hygiene, Berlin, 1907 (*Ermüdung durch Berufsarbeit*, by Dr. Z. Trèves, of Turin; Dr. E. Roth, Berlin, etc.).

The Congress had previously heard able papers on these problems at its meeting in Budapest, 1894, and in Paris, 1900. At its meeting in Brussels, in 1903, the Congress passed a resolution urging governments to study overfatigue as one of the most fertile sources of ill health. This recommendation was quoted and repeated in hearings before the British Inter-departmental Committee on Physical Degeneration, 1904.

In this connection interest attaches to the formation of the "Commission Internationale Permanente pour l'étude des Maladies Professionnelles," which was organized after the First International Congress on Industrial Diseases, in Milan, 1906, and whose headquarters are in Milan. The constitution of the commission sets forth its object as follows:

Article 3. (a) To collect and study new facts in physiology, pathology or in the social sciences, which may be of value to industrial hygiene.

(e) To draw the attention of the authorities to the results of studies which may be valuable for industrial hygiene, and to recommend to learned societies as subjects of discussion, questions of physiology of clinical interest and of the hygiene of labor.

(f) To make public the efforts of governments, universities, hospitals and private persons, directed towards the teaching and development of industrial hygiene.

The list of members of the Commission Internationale Permanente fails to show a single representative from the United States among men from European countries such as—

Dr. Thomas Legge, H. M. Medical Inspector of Factories, and Dr. Thomas Oliver, England; Prof. L. Devoto, Director of the Clinic for Industrial Diseases at Milan, and Prof. Pieraccini, Italy; Dr. D. Gilbert, Chief Medical Inspector, Belgium; Dr. E. Roth, Germany; Dr. Jean Paul Langlois, France, besides representatives from Holland, Sweden, Russia, Austria, Hungary, Switzerland, Greece, Canada and the Argentine Republic.

The Commission Internationale Permanente publishes a quarterly bulletin containing exhaustive bibliographies of works on the "hygiene, physiology, pathology, and clinical aspects of labor," in current medical and social literature. While many of these works deal with specific diseases of occupation, there is also a new emphasis laid on the problems of overstrain and exhaustion, studied both in the laboratory and in industry.

It is this new correlation of strictly scientific investigation of fatigue and its application to industrial conditions which was so remarkably exemplified at the Berlin meeting of the International Congress of Hygiene, and which has hitherto been lacking in this country.

Could not the first American meeting of the International Congress in

1910 stimulate similar investigation and study here? Interest in increasing efficiency of the workers has already led important industrial establishments to provide supervision of the hygiene of their employees, thus affording one method of observation. Specific questions which suggest themselves among others might be:

A study of fatigue of attention, shown by the incidence of accidents after long working hours, comparable to the study of Prof. Imbert in France and Prof. Pieraccini in Italy.

A study of the specific effect on health and efficiency from reducing hours of work and overtime comparable to the studies of Ernst Abbé and others abroad.

A third line of investigation would be of great interest if the directors of the Congress could devise means of gaining any information on the relation between overstrain and the increase in nervous disorders among working people.

Abroad the records of the sickness insurance societies are bringing this problem into prominence, especially in Germany and Austria. While the statistics of the societies do not appear to be as yet sufficiently standardized to admit of positive proof of the effects of industrial strain in inducing nervous disorders, the rapid increase of such diseases among insured members has provoked grave discussion of the facts and of the need of counter-acting them by reducing hours of labor.

The National Consumers' League recommends study and publication of results in what the Italians aptly term the pathology of labor (*patologia del lavoro*)—for a twofold object: for use in obtaining legislation reducing hours of labor in the various states, and in subsequently defending such legislation in the courts. Judging from the requests for the brief in the Oregon case received this winter from states where legislation for women has been undertaken (New York, Pennsylvania, Illinois, Connecticut, Rhode Island, etc.), there is urgent need of more information on the physiological and social facts upon which protective laws are based.

Such laws offer the most direct and only *enforceable* means of combatting industrial overstrain. Education in nutrition, better housing, etc., is doubtless indispensable, but a minimum leisure must first be provided.

Sincerely yours,
JOSEPHINE GOLDMARK,
Chairman.

DECISION OF THE SUPREME COURT OF THE UNITED STATES
IN THE OREGON CASE

CURT MILLER, PLAINTIFF IN ERROR, VS. THE STATE OF OREGON
IN ERROR TO THE SUPREME COURT OF THE STATE OF OREGON

February 24, 1908

Mr. Justice Brewer delivered the opinion of the Court.

On February 19, 1903, the Legislature of the State of Oregon passed an act (Session Laws, 1903, p. 148) the first section of which is in these words:

Sec. 1. That no female (shall) be employed in any mechanical establishment, or factory, or laundry in this state more than ten hours during any one day. The hours of work may be so arranged as to permit the employment of females at any time so that they shall not work more than ten hours during the twenty-four hours of any one day."

Section 3 made a violation of the provisions of the prior sections a misdemeanor, subject to a fine of not less than \$10 nor more than \$25. On September 18, 1905, an information was filed in the Circuit Court of the State for the County of Multnomah, charging that the defendant "on the fourth day of September, A. D. 1905, in the County of Multnomah and State of Oregon, then and there being the owner of a laundry, known as the Grand Laundry, in the City of Portland, and the employer of females therein, did then and there unlawfully permit and suffer one Joe Haselbock, he, the said Joe Haselbock, then and there being an overseer, superintendent and agent of said Curt Muller, in the said Grand Laundry, to require a female, to wit, one Mrs. E. Gotcher, to work more than ten hours in said laundry on said fourth day of September, A. D. 1905, contrary to the statutes in such cases made and provided, and against the peace and dignity of the State of Oregon."

A trial resulted in a verdict against the defendant, who was sentenced to pay a fine of \$10. The Supreme Court of the State affirmed the conviction (48 Ore. 252), whereupon the case was brought here on writ of error.

The single question is the constitutionality of the statute under which the defendant was convicted so far as it affects the work of a female in a laundry. That it does not conflict with any provisions of the state constitution is settled by the decision of the Supreme Court of the State. The contentions of the defendant, now plaintiff in error, are thus stated in his brief:

"(1) Because the statute attempts to prevent persons, *sui juris*, from making their own contracts, and thus violates the provisions of the Fourteenth Amendment, as follows:

"'No state shall make or enforce any law which shall abridge the privi-

leges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.'

"(2) Because the statute does not apply equally to all persons similarly situated, and is class legislation.

"(3) The statute is not a valid exercise of the police power. The kinds of work prescribed are not unlawful, nor are they declared to be immoral or dangerous to the public health; nor can such a law be sustained on the ground that it is designed to protect women on account of their sex. There is no necessary or reasonable connection between the limitation prescribed by the act and the public health, safety, or welfare."

It is the law of Oregon that women, whether married or single, have equal contractual and personal rights with men. As said by Chief Justice Wolverton, in *First National Bank vs. Leonard*, 36 Ore. 390, 396, after a review of the various statutes of the state upon the subject:

"We may therefore say with perfect confidence that, with these three sections upon the statute book, the wife can deal, not only with her separate property, acquired from whatever source, in the same manner as her husband can with property belonging to him, but that she may make contracts and incur liabilities, and the same may be enforced against her, the same as if she were a *feme sole*. There is now no residuum of civil disability resting upon her which is not recognized as existing against the husband. The current runs steadily and strongly in the direction of the emancipation of the wife, and the policy, as disclosed by all recent legislation upon the subject in this state, is to place her upon the same footing as if she were a *feme sole*, not only with respect to her separate property, but as it affects her right to make binding contracts; and the most natural corollary to the situation is that the remedies for the enforcement of liabilities incurred are made co-extensive and co-equal with such enlarged conditions."

It thus appears that, putting to one side the elective franchise, in the matter of personal and contractual rights they stand on the same plane as the other sex. Their rights in these respects can no more be infringed than the equal rights of their brothers. We held in *Lochner vs. New York*, 198 U. S., 45, that a law providing that no laborer shall be required or permitted to work in bakeries more than sixty hours in a week or ten hours in a day was not as to men a legitimate exercise of the police power of the state, but an unreasonable, unnecessary, and arbitrary interference with the right and liberty of the individual to contract in relation to his labor, and as such was in conflict with, and void under, the federal constitution. That decision is invoked by plaintiff in error as decisive of the question before us. But this assumes that the difference between the sexes does not justify a different rule respecting a restriction of the hours of labor.

In patent cases counsel are apt to open the argument with a discussion of the state of the art. It may not be amiss, in the present case, before examining the constitutional question, to notice the course of legislation as

well as expressions of opinion from other than judicial sources. In the brief filed by Mr. Louis D. Brandeis, for the defendant in error, is a very copious collection of all these matters, an epitome of which is found in the margin.*

While there have been but few decisions bearing directly upon the question, the following sustain the constitutionality of such legislation. *Commonwealth vs. Hamilton Mfg. Co.*, 125 Mass. 383; *Wenham vs. State*, 65 Neb. 394, 400, 406; *State vs. Buchanan*, 29 Wash. 602; *Commonwealth vs. Beatty*, 15 Pa. Sup. Ct. 5, 17; against them in the case of *Ritchie vs. People*, 155 Ill. 98.

The legislation and opinions referred to in the margin may not be, technically speaking, authorities, and in them is little or no discussion of the constitutional question presented to us for determination, yet they are significant of a widespread belief that woman's physical structure, and the functions she performs in consequence thereof, justify special legislation restricting or qualifying the conditions under which she should be permitted to toil. Constitutional questions, it is true, are not settled by even a concensus of present public opinion, for it is the peculiar value of a written constitution that it places in unchanging form limitations upon legislative action, and thus

*The following legislation of the states impose restriction in some form or another upon the hours of labor that may be required of women: Massachusetts, 1874, Rev. Laws 1902, chap. 106, sec. 24; Rhode Island, 1885, Acts and Resolves 1902, chap. 994, p. 73; Louisiana, 1886, Rev. Laws 1904, vol. 1, sec. 4, p. 989; Connecticut, 1887, Gen. Stat. revision 1902, sec. 4691; Maine, 1887, Rev. Stat. 1903, chap. 40 sec. 48; New Hampshire, 1887, Laws 1907, chap. 94, p. 95; Maryland, 1888, Pub. Gen. Laws 1903, art. 100, sec. 1; Virginia, 1890, Code 1904, tit. 51 a, chap. 178 a, sec. 3657 b; Pennsylvania, 1897, Laws 1905, No. 226, p. 352; New York, 1899, Laws 1907, chap. 507, sec. 77, subdiv. 3, p. 1078; Nebraska, 1899, Comp. Stat. 1905, sec. 9055, p. 1986; Washington, Stat. 1901, chap. 68, sec. 1, p. 118; Colorado, Acts 1903, chap. 138, sec. 3, p. 310; New Jersey, 1902, Gen. Stat. 1905, p. 2350, secs. 66 and 67; Oklahoma, 1890, Rev. Stat. 1903, chap. 25, art. 58, sec. 729; North Dakota, 1877, Rev. Code 1905, sec. 9440; South Dakota, 1877, Rev. Code (Penal Code, sec. 764), p. 1185; Wisconsin, 1867, Code 1808, sec. 1728; South Carolina, Acts 1907, No. 233.

In foreign legislation Mr. Brandeis calls attention to these statutes: Great Britain, 1844, Law 1901, I Edw. VII, chap. 22; France, 1848, Act Nov. 2, 1892, and March 30, 1900; Switzerland, Canton of Glarus, 1848, Federal Law 1877 art. 2, sec. 1; Austria, 1855, Acts 1897, art. 96 a, secs. 1 to 3; Holland, 1889, Art. 5, sec. 1; Italy, June 19, 1902, art. 7; Germany, Laws 1891.

Then follow extracts from over ninety reports of committees, bureaus of statistics, commissioners of hygiene, Inspectors of factories, both in this country and in Europe, to the effect that long hours of labor are dangerous for women, primarily because of their special physical organization. The matter is discussed in these reports in different aspects, but all agree as to the danger. It would of course take too much space to give these reports in detail. Following them are extracts from similar reports discussing the general benefits of short hours from an economic aspect of the question. In many of these reports individual instances are given tending to support the general conclusion. Perhaps the general scope and character of all these reports may be summed up in what an Inspector for Hanover says: "The reasons for the reduction of the working day to ten hours—(a) the physical organization of women, (b) her maternal functions, (c) the rearing and education of the children, (d) the maintenance of the home—are all so important and so far-reaching that the need for such reduction need hardly be discussed."

gives a permanence and stability to popular government which otherwise would be lacking. At the same time, when a question of fact is debated and debatable, and the extent to which a special constitutional limitation goes is affected by the truth in respect to that fact, a widespread and long continued belief concerning it is worthy of consideration. We take judicial cognizance of all matters of general knowledge.

It is undoubtedly true, as more than once declared by this court, that the general right to contract in relation to one's business is part of the liberty of the individual, protected by the Fourteenth Amendment to the Federal Constitution yet it is equally well settled that this liberty is not absolute and extending to all contracts, and that a state may, without conflicting with the provisions of the Fourteenth Amendment, restrict in many respects the individual's power of contract. Without stopping to discuss at length the extent to which a state may act in this respect, we refer to the following cases in which the question has been considered: *Allgeyer vs. Louisiana*, 165 U. S. 578; *Holden vs. Hardy*, 169 U. S. 366; *Lochner vs. New York*, *supra*.

That woman's physical structure and the performance of maternal functions place her at a disadvantage in the struggle for subsistence is obvious. This is especially true when the burdens of motherhood are upon her. Even when they are not, by abundant testimony of the medical fraternity continuance for a long time on her feet at work, repeating this from day to day, tends to injurious effects upon the body, and as healthy mothers are essential to vigorous offspring, the physical well-being of woman becomes an object of public interest and care in order to preserve the strength and vigor of the race.

Still again, history discloses the fact that woman has always been dependent upon man. He established his control at the outset by superior physical strength, and this control in various forms, with diminishing intensity, has continued to the present. As minors, though not to the same extent, she has been looked upon in the courts as needing especial care that her rights may be preserved. Education was long denied her, and while now the doors of the school room are opened and her opportunities for acquiring knowledge are great, yet even with that and the consequent increase of capacity for business affairs, it is still true that in the struggle for subsistence she is not an equal competitor with her brother. Though limitations upon personal and contractual rights may be removed by legislation, there is that in her disposition and habits of life which will operate against a full assertion of those rights. She will still be where some legislation to protect her seems necessary to secure a real equality of right. Doubtless there are individual exceptions, and there are many respects in which she has an advantage over him; but looking at it from the viewpoint of the effort to maintain an independent position in life, she is not upon an equality. Differentiated by these matters from the other sex, she is properly placed in a class by herself, and legislation designed for her protection may be sustained, even when like legislation is not necessary for men and could

not be sustained. It is impossible to close one's eyes to the fact that she still looks to her brother and depends upon him. Even though all restrictions on political, personal, and contractual rights were taken away, and she stood, as far as statutes are concerned, upon an absolutely equal plane with him, it would still be true that she is so constituted that she will rest upon and look to him for protection; that her physical structure and a proper discharge of her maternal functions—having in view not merely her own health, but the well-being of the race—justify legislation to protect her from the greed as well as the passion of man. The limitations which this statute places upon her contractual powers, upon her right to agree with her employer as to the time she shall labor, are not imposed solely for her benefit, but also largely for the benefit of all. Many words cannot make this plainer. The two sexes differ in structure of body, in the functions to be performed by each, in the amount of physical strength, in the capacity for long-continued labor, particularly when done standing, the influence of vigorous health upon the future well-being of the race, the self-reliance which enables one to assert full rights, and in the capacity to maintain the struggle for subsistence. This difference justifies a difference in legislation and upholds that which is designed to compensate for some of the burdens which rest upon her.

We have not referred in this discussion to the denial of the elective franchise in the State of Oregon, for while that may disclose a lack of political equality in all things with her brother, that is not of itself decisive. The reason runs deeper, and rests in the inherent difference between the two sexes, and in the different functions in life which they perform.

For these reasons, and without questioning in any respect the decision in *Lochner vs. New York*, we are of the opinion that it cannot be adjudged that the act in question is in conflict with the Federal Constitution, so far as it respects the work of a female in a laundry, and the judgment of the Supreme Court of Oregon is affirmed.

True copy.

Test

JAMES H. MCKENNEY,
Clerk, Supreme Court, United States.

THE LECTURE COMMITTEE

By the Chairman, REV. JAMES T. BIXBY

I have sent out thirty letters to men of eminence and influence accompanied with reports.

In these I asked for sympathy in our work, the privilege of entering the names of those addressed in our list of people willing to express before public audiences their approval of our cause and, if in charge of a pulpit, to present to their congregations from time to time the method of social betterment for which our League stands. In response, four gentlemen have sent assurances of sympathy with our cause; but owing to the pressure of other work, cannot give active co-operation. Three have expressed a willingness, under certain conditions, to have their names put on our list of those willing to address the public in our behalf. The names of these are: Prof. John B. Clark, Columbia University; Dr. James H. Canfield, Librarian of Columbia University; Dr. Charles Sprague Smith, Director, People's Institute, New York City.

Dr. Sprague Smith also promises to place on the program of the People's Institute for next year an evening devoted to the work of the National Consumers' League.

Twelve others have given still more unreserved assent to our invitation to serve our cause occasionally by public addresses either in their own churches or when invited to speak elsewhere.

The names are as follows:

Rev. Dr. J. H. Mellish, Holy Trinity Church, Brooklyn, N. Y.
Prof. William Adams Brown, Union Theological Seminary, New York City.

Dr. Walter Radcliffe, the Presbyterian Church, Washington, D. C.

Dr. John Van Schaick, the Church of our Father, Universalist, Washington, D. C.

Rev. Dr. Floyd Tomkins, Holy Trinity,
Rabbi Henry Berkowitz, the Jewish Chatauqua Society,
Dr. W. B. Jennings, the Presbyterian Church,
Rev. Oscar B. Hawes, the Unitarian Society,
Dr. Edwin Heyl Delk, the Lutheran Church,
Dr. Charles L. Kloss, the Congregational Church,

Dr. S. V. V. Holmes, the Presbyterian Church, Buffalo, N. Y.

Rabbi Israel Aaron, Rabbi of a large Hebrew congregation.

I quote a few expressions of interest and promises of co-operation.

Dr. Howard Mellish says: "I will be glad to co-operate with you in any way I can. The subject is of vast importance and has my cordial sympathy."

Dr. Edwin Huyl Delk, promising active aid, says. "I have always spoken for the important reforms the League champions."

Philadelphia
and
Germantown.

Rabbi Berkowitz, granting permission to enroll his name in our list of lecturers, also promises to present our movement to his congregation from his pulpit.

Dr. Floyd Tomkins states that he has been interested in our cause for many years and promises that if he can do anything to help it forward he certainly will.

Dr. Walter Radcliffe has already spoken to his congregation in approval of our work and will continue to do so.

REPORT OF THE FOOD COMMITTEE

By the Chairman, MISS ALICE LAKEY

March, 1908, to March, 1909

The principal work of the Food Committee has been drafting a standard slaughter-house and meat-inspection bill, to supplement the federal law and provide for the use of any state a law to protect consumers from danger of using meat from animals killed within the state that were diseased or slaughtered in unsanitary slaughter-houses. The federal measure obviously cannot protect consumers from evils existing within a state. The proposed standard bill has been sent by Mr. James B. Reynolds to Washington for final revision.

The committee has issued printed matter, designed to spread the doctrine of not only pure food but clean food. The Chairman assisted Mrs. William Shailer in preparing the leaflet issued by the New York City Consumers' League and the National and New Jersey Consumers' Leagues; translated into Italian and Yiddish for the East Side of New York City and, in Europe, translated into French. It is circulated through domestic science classes and grammar grades of some public schools and in one school of commerce in New York City. The Food Commissioners of Pennsylvania and Wisconsin have reprinted the leaflet in their regular publications. The committee has reprinted (by permission) an article entitled "Pure Food Don'ts or Suggestions to Canners." The score card is also to be had for distribution.

The year has been a difficult one for enforcement of the federal pure food law, as concerted effort has been made to defeat its purpose and concede to special interests privileges that meant the final destruction of the integrity of the law. While no one can criticise the scientific men who are the Referee Board, the appointing of the Board was contrary to the spirit of the law. In a letter to the Chairman, dated February 8, 1909, Senator Heyburn states:

"Some people are taking it for granted that the appointment of a Bureau of Standards and Commissions of Chemists, etc., is authorized by law and that their action is binding in the determination of what constitutes a violation of the pure food law. Such is not the case. The law as enacted leaves to the courts to determine what constitutes a violation. These fancy boards have no legal status. The Board of Chemists has none. Dr. Wiley's findings have no binding legal status in the courts. They only constitute evidence of his opinion."

The appropriation to continue the Referee Board was to be voted on February 10th. Following a letter received from Dr. Purington, of Boston, of the Woman's Christian Temperance Union, the Chairman sent on February 9th telegrams to five members of the House of Representatives at Washington, D. C., asking that the House sustain Dr. Wiley and the pure

food law. The appropriation was lost. As it will come up in the Senate, the Chairman sent letters to eighteen Senators in the Agricultural Appropriation Committee or interested in the pure food law. She asks that a resolution be passed by the National Consumers' League and sent as a telegram or letter to the appropriate Senators and to President Taft.

The effort of manufacturers of imitation whiskey to have the ruling of Attorney-General Bonaparte set aside and permission given to call their goods "rectified whiskey" has failed. On Monday, February 22d, a request came that a telegram from the Consumers' League be sent asking President Roosevelt to let stand the decision of Attorney-General Bonaparte as to what constitutes whiskey. The telegram was sent that morning by the Chairman. Mrs. Nathan, in the absence of Mr. Brooks, sent a similar one. At our suggestion Dr. Purinton, of the Women's Christian Temperance Union, sent a message from Boston. On February 24th news came that the rectifiers had lost their case and President Roosevelt had sustained Dr. Wiley and the Attorney-General. Nothing is of more importance than keeping Dr. Wiley as Chief of the Bureau of Chemistry. If the country loses him as official head of the pure-food work, the labor of twenty years is wasted.

Mr. Martin, Treasurer of the Food Committee, reports in our treasury \$12, with an unpaid printing bill of \$3.50 for the leaflet "Food Preservatives." The balance will be \$8.50.

Editorial matter was prepared for the *Outlook* of August 8 and January 30, 1908. The Board of Education of New York has added the Chairman's name to the list of lecturers for the Free Public Lecture Course. She gave an address in Washington in March, 1908, at the International Congress of Mothers; another in New Haven under the auspices of the New Haven Consumers' League and the Civic League.

Requests were sent out for reports of work done during the past year. Five answers are at hand. Mrs. Robert McVickar, Chairman of the Food Committee of the New York State Consumers' League, reports speaking at various meetings and awakening public opinion by every means possible. As Chairman of the Food Sanitation Committee of the State Federation of Women's Clubs she has brought forward the work of the joint committees. Mrs. McVickar formed a food committee at Yonkers in the Civic League where "Sanitary Maxims" have been distributed in cooking classes of the public schools. The domestic science section of the Westchester Woman's Club has formed group memberships and joined the local branch of the Consumers' League. They have co-operated with the Board of Health and called to its attention unsanitary conditions where food is sold or prepared for sale, sent out the "Sanitary Maxims," and expect to have them distributed through domestic science classes in public schools.

Mrs. William Shailer, of the New York City League, reports appealing to Health Commissioner Darlington for more rigid inspection of stores and markets and a better enforcement of law relating to exposure of foods on sidewalks and pushcarts. The committee has also complained of decaying fish and poultry sold on Ninth Avenue on Saturday nights. Systematic

investigation of stores in fifteen districts in the city has begun, each member of the committee taking one district. The aim is to induce prosperous shopkeepers to set an example of cleanliness. Mrs. Shailer reports that about fifty thousand copies of "Sanitary Maxims" have been distributed to settlements, mothers' clubs, teachers of cooking, church societies, etc. It was published in the Bulletin of the French Consumers' League and distributed at the International Conference at Geneva in September, 1908. Mrs. Shailer reports five conferences educational in purpose tendered to her committee by the Chairman of the National Food Committee. Dr. Darlington has spoken at one, as has Dr. Ira Wiley and Mr. Wilbur Phillips, Secretary of the New York City Milk Committee. These conferences have been held at Miss Bang's School, Mrs. Finch's School and Barnard College.

Mrs. J. W. Cory, of the Iowa Federation of Women's Clubs, reports fifty copies of the "Maxims" distributed, also "Suggestions to Canners," and the score card.

Mrs. B. C. Gudden, President of the Wisconsin Consumers' League, has agitated to have John Spargo's book on milk given to milkmen as "compulsory education," has written articles on sanitary maxims and score cards, for the *Courant* and other papers, and sent out copies to the branches of the Consumers' Leagues of Wisconsin. Mrs. Gudden has spoken on the work of the Food Committee and sent petitions to Congress for amendments to the food law.

Miss Lilla Breed, of the Federation of Women's Clubs of Kentucky, writes that score cards are what she has wanted as a foundation for needed work in that state. She will send copies to the Chairman of the Food Sanitation Committee of the General Federation. Since the passage of the pure food law everything waits upon the establishment of food standards. The committee are, however, hoping to bring about better sanitary conditions in markets in the state by a campaign of education through the newspapers.

Miss K. L. Trevett, Secretary of the Oregon Consumers' League, asked for copies of "Pure Food Don'ts." One hundred copies were sent. While the Chairman of the Food Committee in that state does not see her way to forming a committee, it may come later. The Chairman will use the score card. The Oregon Consumers' League has issued an excellent leaflet giving the state food law in a concise form.

Miss Welles, Secretary of the Connecticut League, has been instrumental in having a bulletin issued on "Food Labels Under the Connecticut Food Law and Some Household Tests for Adulterants in Foods," prepared by Dr. Jenkins, Director of the Connecticut Experiment Station. It is the first time that such a publication has been issued by a State Department for a food committee. The bulletins are sent out by the food committee. Miss Beach has taken the chairmanship of the New Haven committee, and their January meeting was largely attended.

The New Jersey Food Committee is awaiting the arrival of the standard slaughter-house and meat-inspection bill to secure its presentation before the Legislature adjourns. Agitation for improvement of the supply of milk has been carried on. In two towns new milk ordinances were adopted and the

adoption of licenses for all milkmen is the direct result of the committee's work. The committee has been increased by about twenty delegates of women's clubs. "Sanitary Maxims" has been given to the pupils in grammar grades of the Cranford public schools. The expense of printing the leaflet was met by Senator Colby. The score card has been approved by the New Jersey State Board of Health.

The Chairman suggests that the National Consumers' League make a study, on lines similar to those employed in examining garment factories, of material used and sanitary conditions existing in factories that are clamoring to use preservatives.

March, 1907, to March, 1908

The work of the committee has been of many kinds. In May, 1907, the People's Lobby at Washington, D. C., asked that the Consumers' Leagues send letters to President Roosevelt endorsing the decision of Attorney-General Bonaparte on labeling whiskies, and urging that the decision be upheld. This bore directly on the pure food law.

On March 19th, by request of Dr. Mitchell, Secretary of the New Jersey State Board of Health, the Chairman attended a hearing of the Senate Committee at Trenton and spoke in favor of the pending food bill. Later a bill was presented, at the request of the Chairman, by Senator Frelinghuysen, providing for inspection of slaughter houses in New Jersey. This has since been amended to include an inspection of meats.

The pure-food bill passed in New Jersey in April, 1907.

By request of the Secretary of the New Jersey State Board of Health the Chairman, accompanied by a state food inspector, visited several dairies and a slaughter house at Secaucus, back of Jersey City. With two exceptions the dairies were in a filthy condition; the slaughter house was reported at Washington, as it was doing an interstate trade. This expedition revealed that the fattening of old worn-out cows is a regular business in that section. The cows are kept tied up in low, dark, dirty sheds and fed on garbage from New York hotels. This garbage is cooked in great vats and the smell of rancid grease adds horror to the scene. One cow was lying dead in a yard. "She died from lung trouble this morning; she was all right last night," said the woman who came to meet us.

Roughly speaking, there are ten thousand dairies in New Jersey; nearly all the cows find their way finally to a slaughter house. Is it any wonder that tuberculosis is not exterminated when milk and meat come from cows kept shut up in dark, dirty stables?

The great abattoir at Jersey City, with all improvements installed since the national meat inspection law was passed, illustrates the benefits of federal inspection. Following the visit of the Chairman, a courteous letter was received from the manager of the Jersey City abattoir, asking for criticisms and suggestions.

In New York State a man was found who made a business of buying diseased cattle, killing them, removing the diseased parts and shipping the meat into New York City.

Mr. James B. Reynolds and Dr. John Huber have drafted a meat and slaughter-house inspection law, which the committee hopes to see adopted in every state not already provided with a similar law. Pennsylvania recently adopted a law similar in purpose; Massachusetts is considering one; Indiana and Michigan have such laws.

Upon invitation of the Association of State and National Food and Dairy Departments the Food Committee voted to send the Chairman as a delegate to the eleventh annual convention of the Association, at the Jamestown Exposition in July, 1907. The Chairman gave an address on the "Work of the National Consumers' League for Uniform Food Laws." Special reference was made in the program to the Consumers' League. The Chairman pledged the Food Committee to the support of a resolution on food standards, which has been sent out to all the Consumers' Leagues, asking them to act upon it.

By request of the Chicago *Record-Herald* the Chairman wrote an article on the work of the Food Committee. She also prepared one for the *Outlook*, December 3, 1907, on "The Pure Food Law." Attention is called to an appreciative article on work by the Food Committee in the bulletin of the Pennsylvania Department of Agriculture, December, 1907.

The Chairman spoke at the annual meetings in February, 1908, of the New Jersey and New York State Consumers' Leagues, and has been invited to speak in Washington, March 13, 1908, at the International Congress of Mothers.

In January, 1908, the committee was requested to read the new food law drafted for Kentucky. Mr. R. M. Allen, Chief of the Food Division of the Kentucky Experiment Station, suggested that letters endorsing the bill be sent to the Public Health Committee of the Kentucky Legislature. This was done. The bill was passed with only two dissenting votes. It is the Chairman's opinion that this Kentucky food law is the nearest approach to a model food law.

Reports from committees of the Consumers' League working for pure food are encouraging. Mrs. B. C. Gudden, President of the Wisconsin Consumers' League, will see what can be done about forming a state Food Committee. Attention throughout the state has been directed to the evils of local slaughter houses. One milk dealer has been reformed and is now clean.

Mrs. Robert McVickar, President of the New York State Consumers' League, has appointed a committee from various cities and towns. They have distributed literature. Mrs. McVickar has secured the co-operation of the New York State Federation of Women's Clubs through its pure food Chairman. A meeting of the joint committee was held at Troy during the convention of the State Federation of Women's Clubs. Mrs. McVickar presented to the convention the work of the national and state food committees. Dr. Mary T. Bissell, Field Secretary of the New York State Consumers' League, read a paper on clean milk at various meetings of the women's institutes of farmers' associations.

Mrs. R. G. Waters, of the Food Committee in California of the Con-

sumers' League, reports that the question of weights and measures is constantly agitated in Los Angeles. The City Sealer of Weights and Measures has secured evidence that customers are defrauded through short measure of milk. He condemned one carload as it did not hold the milk it was labeled to hold. A five-gallon can of milk was two quarts short; bottles, too, are short measure. The California state food law was passed shortly after the national law. Since then consumers have demanded that the label tell the truth. They have an efficient health officer, diligent in investigating. They use the newspapers to give publicity to abuses. "The law is well enforced here; the only thing to do seems to be to encourage the appointment of non-political inspectors."

Mrs. M. C. Hart, Guthrie, Okla., reports the sending out of literature. Mrs. A. G. Wright, Wisconsin, reports the same; also Mrs. Paul Doty, representing the Woman's Clubs of Minnesota for the Food Committee of the National Consumers' League.

Many women report sending the resolutions asked for from their organizations to Secretary Wilson, urging enforcement of food standards adopted or that may be adopted by the joint committees on standards of the Association of State and National Food and Dairy Commissioners and the Association of Official Agricultural Chemists. Among these are Mrs. W. H. Hood, of Reno, Nev., and Mrs. A. Herbert Arnold, of the Rhode Island State Federation. Mrs. A. B. Noyes, President of the Vermont State Consumers' League, sent out a letter to President Roosevelt as to the decision of Attorney-General Bonaparte. The state food law is working well; many things are improved, notably oysters, maple syrup and honey.

Mrs. J. W. Cory, Chairman of the committee of the Iowa State Federation of Women's Clubs, reports that Iowa women are being urged to buy labeled goods, to study bulletins issued by the Food Commissioner, and to study food prices and values. The thirteen thousand Iowa club women have been, since 1905, deeply interested in the passage and enforcement of state and national food laws. Their representatives in Congress have been urged to advocate national food standards and sufficient appropriation to enforce federal food laws. They are now at work for clean milk and clean markets. She states that your Chairman's *Outlook* article on the "Pure Food Law" has been placed in her circulating library, which is in demand among more than three hundred and thirty-four clubs.

Miss Lilla N. Breed, Corresponding Secretary of the Kentucky Consumers' League, reports hard work done for the passage of the Kentucky food law. They are also interested in securing legislation for inspection of cattle and testing dairy herds for tuberculosis. Miss Breed sent a circular letter issued by her committee, containing suggestions for practical programs. Under the titles "Bread," "Milk," "Meats," "Labels," is a list of subjects practically covering the history of manufacture or production, storage and sale of these food products, with suggestions for study of labels on food packages.

Connecticut is to have a state Food Committee; Miss Rebecca H. Beach is the new Chairman.

Mrs. William Shailer has taken charge of the Food Committee of the New York City Consumers' League. She has six active workers.

They are to hold a public meeting on March 18, 1908, in Dr. Parkhurst's church.

A Food Committee was formed in Cranford, N. J., in 1907, to arrange a food convention. Over \$200.00 was needed to defray expenses. This was raised in Cranford. The convention was held on the afternoon and evening of December 3d, in the Presbyterian church. A large audience was present, including over sixty delegates from state boards of health of New Jersey and New York, local boards of health, civic societies, and a representative from the Department of Agriculture of Pennsylvania. Dinner was served to the delegates by the women of Cranford.

The national and state food officials who addressed the convention were:

R. M. Allen, Chief of Food Division, Experiment Station, Kentucky; Dr. W. D. Bigelow, Chief of Division of Foods, Bureau of Chemistry, Washington, D. C.; Dr. William Frear, State Chemist Pennsylvania Department of Agriculture; Dr. George Goler, Health Officer, Rochester, N. Y.; Prof. Edward Voorhees, Director New Jersey Agricultural Experiment Station; Dr. J. R. Mohler, Bureau of Animal Industry, Washington, D. C. Dr. Charles Harrington, Secretary, Massachusetts State Board of Health, prepared a paper for the convention, which was read. Addresses were given by Senator J. S. Frelinghuysen, Dr. Henry L. Colt, President American Association of Medical Milk Commissions, and Dr. Louis L. Seaman, late Major-Surgeon U. S. V.

Consumers' Leagues were represented by Mrs. Cushing, President, New Jersey League; Mrs. Frederick Nathan, Vice-President National, and President New York City League; Mrs. Florence Kelley, Secretary National Consumers' League.

In several addresses the relation of bovine to human tuberculosis was clearly demonstrated.

The convention adopted resolutions on milk, slaughter-house inspection, bleached flour, etc., and voted to form a New Jersey State Food Committee. Your Chairman was elected its Chairman. She would express thanks of the committee to national and state and city food officials who traveled long distances to help the pure food cause in New Jersey. Letters and telegrams wishing success were read, including those from Senators Heyburn and McCumber. Dr. Harvey Wiley wrote: "The work of the convention was along the right lines, and I am sure will have a favorable effect upon the people, not only of your own state but on the country at large."

At the suggestion of Dr. Henry L. Colt, President of the American Medical Milk Commission, an executive council has been formed. Fifteen leading physicians in the state have consented to serve on this council. The plan is to organize a branch committee in every town. Cranford, Orange and Somerville already have chairmen appointed. This committee will work for a medical milk commission in every county, slaughter-house and meat inspection, good sanitary conditions where food is manufactured, stored or sold, and other needed improvements. The National Food Com-

mittee has adopted a sanitary score card, for the scoring of grocery stores, bakeries, etc., suggested by Dr. Crumbine, President of the Board of Health of Kansas, which has such a card.

As the Consumers' League uses a white list in mercantile establishments, why not a similar list for food establishments whose record for cleanliness is noteworthy? An effort will be made to have the scoring system adopted wherever there is a branch Food Committee.

The National Food Committee wishes to see an active Food Committee in every state, with branches in the cities and towns throughout each state. It is, after all, the consumer who controls all these conditions. Shall we exercise our privileges?

THE CONSUMERS' HEALTH BILL

A BILL FOR A LAW TO PROTECT THE PUBLIC HEALTH, BEING CHAPTER, ETC.

Section 1. In any city of the first class within this state it shall be the duty of the owner of goods, materials and merchandise to protect, as hereinafter set forth, said goods, materials and merchandise from exposure to vermin and to germs of tuberculosis, syphilis, scarlet fever, smallpox, chicken-pox, leprosy, ophthalmia, scabies, ringworm, typhoid fever and all other contagious and infectious diseases whereby said goods, materials and merchandise may subsequently become vehicles for conveying said germs among the public.

Sec. 2. In any city of the first class within this state every person, firm or corporation engaged in the manufacture of any goods, materials or merchandise shall provide wholesome workrooms and storage accommodations free from vermin and infection or contagion for all said goods, materials and merchandise in all stages and processes of manufacture, storage and preparation for sale.

Sec. 3. Whenever any person, firm or corporation or agent or manager of any corporation shall, for the purpose of completing in whole or in part any process of manufacture of any goods, materials or merchandise, take, send or permit to be taken or kept or conveyed such goods, materials or merchandise away from the principal place of business of such person, firm or corporation, or from any factory, workshop, store or place of storage, controlled in whole or in part by such person, firm or corporation, said person, firm or corporation, agent or manager of said corporation shall for the purposes of this act continue to be responsible for the healthful surroundings of said goods, materials and merchandise and for the exposure thereof to the presence of vermin and of the germs of any contagious or infectious disease exactly as if said goods, materials or merchandise had remained in said principal place of business.

Sec. 4. Whenever any goods, materials or merchandise shall be in the custody of any contractor, not the person, firm or corporation owning said goods, such contractor shall, for the purposes of this act, be deemed to be the agent of such owners.

Sec. 5. For the purpose of identification all goods, materials, or merchandise sent, taken or permitted to be conveyed away from the principal place of business of the owner of such goods, materials or merchandise, for the purpose of manufacture in whole or in part, shall first be marked by the owner with the correct full name and address of the owner printed in the English language and easily legible. In case any article is so small or otherwise of such nature that it cannot be marked as hereinbefore prescribed, such article shall be conveyed in a suitable receptacle large enough to carry

* such marking, and such receptacle, so marked, shall be kept in the workroom and shall be produced and shown upon demand made by any inspector of the Board of Health, or any inspector of the State Department of Labor, and the presence of such mark shall be *prima facie* evidence of the ownership of said goods, materials or merchandise by the person, firm or corporation named on such receptacle.

Sec. 6. Any goods, materials or merchandise found in violation of the provisions of this act by any inspector of the Board of Health, or of the State Department of Labor, in any place other than the principal place of business of said owner, shall be seized by the Board of Health and fumigated or otherwise cleansed and held until such owner shall claim such goods, materials or merchandise and shall pay such reasonable fee as may be prescribed for such service by the Board of Health.

Sec. 7. Every workroom and every place used for storage to which such goods, materials, or merchandise are taken, sent or permitted to be conveyed, or in which they may be kept, away from the principal place of business of such owner, shall be subject to the same requirements as to inspection, cubic air space, light, cleanliness, ventilation and sanitation as are now prescribed by law for factories and tenant factories, and in no case shall any such workroom or place used for storage be used for sleeping by day or by night by any person, nor shall any such workroom contain any bed, sofa, couch, mattress, pillow or other furnishing adapted to the use of persons in sleeping.

Sec. 8. The word manufacture wherever used in this act shall be taken to mean any process of making, altering, repairing, sewing, sorting, drying, picking, packing, storing, dyeing or cleaning in whole or in part any article whatsoever, not for the immediate personal use of the owner, or his family.

Sec. 9. The word workroom wherever used in this act shall be taken to mean any room in which goods, materials or merchandise shall be subjected in whole or in part to any process of making, altering, repairing, sewing, sorting, drying, picking, packing, storing, dyeing or cleaning whatsoever, not for the immediate personal use of the owner, or his family.

Sec. 10. Nothing herein contained shall be construed to cancel or abridge any power or duty now pertaining to the state inspectors of factories.

All acts or parts of acts which conflict with this act are hereby repealed (specific sections to be inserted later).

Sec. 11. *Penalty.* Every person, firm or corporation, agent, manager or contractor for a corporation who shall violate or fail to comply with any of the provisions of this act shall be guilty of a misdemeanor and shall for each violation pay a fine of not less than \$50 or stand committed, each day to constitute a separate violation.

Sec. 12. It shall be the duty of the Department of Health to enforce the provisions of this act.

TREASURER'S REPORT

REPORT OF CASH RECEIPTS AND DISBURSEMENTS

From January 1 to December 31, 1907

RECEIPTS

New York—

Joint appeal of the New York City and National League	\$1,203 10
Contributions	1,675 00
Quota	131 50
	\$3,000 60

Massachusetts—

Contribution for 1907	\$825 20
Contribution for 1908	50 00
Special contribution	25 00
Quota	174 80
	1,075 00

Pennsylvania—

Contribution for 1907	\$550 00
Contribution for 1908	150 00
Quota	80 00
	780 00

Ohio—

Contribution	\$325 00
Quota	63 60
	388 60

New Jersey—

Contributions	\$75 00
Quota	59 30
	134 30

Maryland—

Contributions	\$25 00
Quota	50 00
	75 00

Wellesley College—

Contributions	\$50 00
Quota	10 00
	60 00

Wisconsin—

Contributions	\$20 00
Quota	30 00
	50 00

Michigan—

Quota	35 00
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<i>Rhode Island—</i>	
Contributions	\$15 00
Quota	14 00

	\$29 00
<i>Oregon—</i>	
Quota	26 50
<i>Connecticut—</i>	
Contributions	25 00
<i>Kentucky—</i>	
Quota (1907 and 1908)	18 20
<i>Illinois—</i>	
Quota	10 60
<i>Delaware—</i>	
Contributions	10 00
<i>Maine—</i>	
Quota	10 00
<i>University of Wisconsin—</i>	
Quota	8 60
Sundry receipts for printed matter, etc.	62 98

Total receipts during period.....	\$5,808 38
Cash on hand January 1, 1907.....	163 08

	\$5,971 46

DISBURSEMENTS.

Salaries	\$3,858 12
Traveling expenses	110 10
Rent	336 00
Printing and stationery	882 88
Postage	208 20
Telephone	61 04
Joint appeal of the New York City and National Leagues.....	201 44
Press clippings	21 09
Photographs	12 86
Sundry small payments and office expenses.....	251 11

Total disbursements during period.....	\$5,942 84
Balance, cash on hand, December 31, 1907.....	28 62

	\$5,971 46

HERBERT L. SATTERLEE, *Treasurer.*

We certify that the above is a correct statement of receipts and disbursements, from January 1 to December 31, 1907.

THE AUDIT COMPANY OF NEW YORK.

REPORT OF CASH RECEIPTS AND DISBURSEMENTS

From January 1 to December 31, 1908

RECEIPTS

New York—

Special appeal	\$1,860 00
Contributions	1,776 00
Quota	148 49

Massachusetts—

Contributions	\$807 90
Quota	142 10
	950 00

Pennsylvania—

Contributions	\$600 00
Quota	80 00

Maryland—

Contributions	\$135 00
Quota	26 40
Loan	350 00

Ohio—

Contributions \$250 00
Quota 67 90

New Jersey—

New Jersey— Contributions 105.00

Wellesley College—

Contributions \$10 00
Quota 58 80

Connecticut—

Contributions	\$12 00
Quota	48 60

Wisconsin

Quota 40 00

Delaware—

Contribution	\$10.00
Quota	20.50
	30.50

Rhode Island—

Contributions	\$15 00
Quota	14 00
	29 00

Vassar College—

Quota	\$25 10
<i>Oregon—</i>	
Contribution	25 00
<i>Illinois—</i>	
Quota	10 40
Individual memberships	32 00
Rent	60 00
Sundry receipts for printed matter, etc.....	38 71
	<hr/>
Total receipts for year 1908	\$6,828 90
Cash on hand, January 1, 1909	28 62
	<hr/>
	\$6,857 52

DISBURSEMENTS

Salaries	\$4,259 82
Printing and stationery	721 36
Postage	226 71
Rent	686 75
Telephone	42 72
Sundry small payments and office expenses	171 89
Expenses of Congestion Exhibit	33 50
Traveling expenses	78 80
Payments on account of loan	100 00
Special appeal	482 22
	<hr/>
Total disbursements for year 1908.....	\$6,803 77
Balance, cash on hand, December 31, 1908.....	53 75
	<hr/>
	\$6,857 52

G. HERMANN KINNICUTT,
Treasurer.

We certify that the above is a correct statement of receipts and disbursements, from January 1 to December 31, 1908.

THE AUDIT COMPANY OF NEW YORK.

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